



USAID | **MACEDONIA**
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AGBIZ PROGRAM

FOURTH FISCAL QUARTER REPORT 2012
JULY-SEPTEMBER 2012

FISCAL YEAR 2012 ANNUAL REPORT
OCTOBER 2011–SEPTEMBER 2012

OCTOBER 2012

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DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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ACRONYMS AND ABBREVIATIONS

AAEM	Association of Agro Economists of Macedonia
AD	Activity Description
AtF	Access to Finance
B2B	Business to Business
BSP	Business Service Provider
CAP	Common Agricultural Policy
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CeProSARD	Center for Promotion of Sustainable Agriculture and Rural Development
CIPOZ	Center for Applied Research and Permanent Education in Agriculture
CO	Contracting Officer
CoP	Chief of Party
COR	Contracting Officer's Representative
CSO	Civil Society Organization
CY	Calendar Year
DISC	Dominance, Influence, Steadiness, Conscientiousness
DCoP	Deputy Chief of Party
EG	Economic Growth
EU	European Union
EPI Centar	Economy, Planning, Innovation Centar
EPA	Environmental Protection Agency
FACE	Foundation Agro-Center for Education
FG	Focus Group
FDI	Foreign Direct Investment
FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FP	Financial Platform
FY	Fiscal Year
GAP	Good Agricultural Practice
GLOBAL G.A.P.	GLOBAL Good Agricultural Practice
GoM	Government of Macedonia
HYD	Hygienic Engineering and Design
HoReCa	Hotel, Restaurant, Catering
IC	Innovation Center
ICT	Information and Communication Technology
IDEAS	Investment Development and Export Advancement Support/USAID funded
IFS	International Food Standard
IM	Invest Macedonia
IPM	Integrated Pest Management
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISC	Integrated Supply Chain
IT	Information Technology
LF	Lead Facilitator
LoP	Life of Program
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MAEA	Macedonian Agro Exporters Association
MAP	Macedonian Association of Processors
MASIT	Macedonian Chamber of Information and Communication Technologies
MBDP	Macedonian Bank for Development Promotion
MCG	Macedonian Consulting Group

MK	Macedonian
MoE	Ministry of Economy
MoU	Memoranda of Understanding
NARDS	National Agriculture and Rural Development Strategy
NEA	National Extension Agency
NGO	Non-Governmental Organization
NPARD	National Program for Agricultural and Rural Development
NPD	New Product Development
PERSUAP	Pesticide Evaluation Report and Safer Use Action Plan
PGI	Protected Geographic Indication
PDO	Protected Designation Origin
PIRN	Policy and Institutional Reform Need
PO	Producer Organization
PPD	Public Private Dialogue
PV	Processed Vegetables
QR	Quarterly Report
RCO	Regional Contracting Officer
RfA	Request for Approval
RfP	Request for Proposal
SEE	South-East Europe
SEMP	Sector Export Marketing Plans
SIDA	Swedish International Development Agency
SIPPO	Swiss Import Promotion Programme
SME	Small and Medium Enterprise
SOF	Special Opportunity Fund
SoW	Statement of Work
SSG	Sub-sector Standing Group
STA/M	Senior Technical Advisor/Manager
STTA	Short-term Technical Assistance
SUAP	Safe Use Action Plan
TA	Technical Assistance
TCN	Third Country National
TtARD	Tetra Tech Associates in Rural Development
UC	University of California
US	United States
USAID	United States Agency for International Development
VC	Value Chain
VCLF	Value Chain Lead Facilitator
WB	World Bank

DEFINITIONS

Each of the following sections defines key terms used in this report.

Activity – An event or action designed to help achieve one or more AgBiz Extension objectives. A value chain competitiveness enhancement event that is designed for multiple customers in one or more value chains, and includes trade fairs, study tours, human capacity enhancement/training, value chain profiles, assessments, policy reform evaluations, and business to business (B2B) meetings. AgBiz usually supports activities by direct payments to service providers.

Project – A set of business expansion interventions designed by AgBiz to increase the competitiveness and export sales of the customer and jointly funded by a single customer. Typical project expenditures are to construct new facilities or buy new equipment; to design new packaging or brochures; to enter a new market via paying for slotting allowances, in-store demonstrations, or advertising/promotion programs; or to provide technical assistance. AgBiz contributions to a project are supplied via a grant

AgBiz Extension – The two-year, \$2.44 million extension of United States Agency for International Development (USAID)/Macedonia's AgBiz Program.

Business Services Provider (BSP) – An entity that provides business-related services to agribusinesses, most often a private sector firm such as a consulting company or an individual consultant. In some cases, public sector entities can be BSPs if the services they provide are for commercial business development purposes.

Embedded Services – 1) Additional inputs or services provided by a vendor in addition to the main items or services the vendor is selling that help the vendor to make the sale and provide the buyer with added value. 2) Inputs or services provided by a raw materials buyer to increase the quality, lower the cost, or improve delivery timing of the raw materials the buyer is purchasing from a grower. This second type of embedded service is often included in formal or informal production/delivery contracts wherein the buyer will deduct most the buyer's out-of-pocket costs advanced to the grower from the price of the raw materials the buyer purchases.

Fresh Fruits and Vegetables (FF&V) – One of the two value chains to be supported by AgBiz.

Integrated Supply Chain (ISC) – A sustainably linked, market-focused, and effectively integrated set of participants who provide inputs or services to a single final seller (or coordinated group of final sellers) who work together to enhance the competitiveness of the end products sold by the last links in the supply chain. A supply chain is composed of participants of an ongoing set of vertical linkages that is much smaller and has fewer participants than a value chain.

Invest Macedonia (IM) – The newly formed Macedonian export promotion department of the Agency for Foreign Investment and Export Promotion.

Lead Actor (LA) – A private sector legal entity that plays a major role in the implementation of an integrated supply chain competitiveness enhancement plan (i.e., set of AgBiz-supported activities). LAs are often consolidators, packers, or processors, but can also be input suppliers, financial entities, or occasionally a trade association.

Lead Facilitator (LF) – A firm (most often a BSP) that takes majority responsibility for the planning and implementation of a significant part of an AgBiz component. An LF will be a subproject manager and will need to comply with all relevant USG, USAID, and Tetra Tech ARD regulations.

Package – A set of activities designed by an LF, with input from key LAs, to enhance the competitiveness of a specific value chain.

Partner – An entity with whom AgBiz will work to achieve the objectives of the extension. In this context, *partner* is a generic term.

Processed Vegetables (PV) – One of the two value chains to be supported by AgBiz.

Public Private Dialogue – Effective discussions between public and private sector entities that has the goal of achieving a better understanding and consensus on issues that involve both parties—usually policy and public institution reforms.

Value Chain (VC) – The firms and individuals participating in related value-adding activities that convert inputs and services supply into outputs for a given set of commodities and products. Most USAID-related value chain development work stops at the importer or wholesale buyer, but includes inputs and services suppliers.

EXECUTIVE SUMMARY

Program Development: The fourth Quarter (July-September 2012) was the most dynamic one during FY 2012. AgBiz made significant progress in implementation of all Program components. AgBiz LFs managed to finalize almost all activities contributing to strengthening the competitiveness and capacity of the two supported value chains included in their contracts that ended on 31 September 2012. AgBiz staff continued to provide direct guidance and support to Lead Facilitators to successfully develop and implement activities. On the 5th and 6th July, 2012 AgBiz organized a FY 2012 QTR3 Success & Achievements Review Workshop to present the status of the activities for FY '12 per Component, including key constraints and opportunities and recommended AgBiz interventions for successful completion of all FY'12 Activities. AgBiz maintained very good coordination with USAID Mission and all relevant institutions particularly Ministry of Agriculture Forestry and Water Economy, the Agency for Foreign investments and export promotion and other stakeholders in the agribusiness sector. On 24 July 2012, AgBiz Program coordinated a field visit for USAID Macedonia's Mission Director - Robert Wuertz; USAID Washington Macedonia Desk Officer - Lori Rakoczy and USAID EG Office Project Management Specialist – Meri Cuculoska to FF&V VC LA Agro Kalem in Negotiono, a producer of high quality rootstocks and planting material for table grapes and fruits, PV VC LA Bonum Plus Vegetables Processor in village of Dragomance, Kumanovo Region and Winery Stobi and reviewed accomplishments resulting from AgBiz support. This Quarter AgBiz issued six (6) press releases and significant media advisories that were published in 92 print and electronic media. Additionally the Program developed and submitted 2 success stories.

Increased Domestic and Export Sales and Improved Competitiveness and Productivity: In the last quarter of FY'12, VC Lead Facilitators for FF&V and PV managed to successfully complete 25 activities and achieved or even slightly over-achieved the projected results. Only one activity on Strengthening of domestic market sales for PV VC was canceled due to high production season and lack of human resources by potential participants, higher than expected costs per company for participation and unavailability of the event management company to organize the event during September 2012. All completed activities have considerable impact on strengthening the capacity of LAs and their integrated supply chain farmers to improve production technology, better utilization of post-harvest handling processes, understanding of market demand and product specifics, linking with potential relevant buyers ultimately leading to greater domestic and export sales and increased incomes for all participants in the FF&V and PV value chains. Both VC Lead Facilitators successfully executed several activities where FFRM, other BSPs and individual international and/or local experts were included as their subcontractors.

Increased Productivity, Competitiveness and Sales for Fresh Fruit and Vegetables Value Chain: FF&V VC LF EPI Centar finalized all activities planned under this component on strengthening supply chain integration and increasing productivity, competitiveness and sales for Apple/Fresh Fruits, Table Grapes and Peppers/Fresh Vegetables VC. During the quarter the LAs, producers of fruit and table grapes planting material, successfully implemented technical recommendations provided by the experts. They managed to achieve considerable improvement in the quality of planting material, arranged for purchasing basic material and increased opportunities to eventually reach the level needed for production of certified planting material. International expert introduced post-harvesting "Smart-fresh" technology to small apple producers from the region of Resen that could improve the quality of apples and prolong shelf life. The study tour to Italy together with international expert and local STTA enabled LAs involved in the production of planting material, apples and table grapes to gain advanced knowledge on various varieties, pest management, introduction of new technologies and management practices. Support to pepper producers trying to comply with requirement of buyers and the market demand, resulted in higher quality of products and secured income for farmers.

On the market side, organized B2B meetings with potential buyers from Montenegro and Bosnia and Herzegovina as non-traditional markets resulted in significant pre-contracted sales of over 1.242t (592t with Montenegro and 650t with Bosnia and Herzegovina). Supported by the MAFWE, the FF&V VC

participants exhibited their products at the national stand at the World Moscow Fair 2012. The exhibition resulted in \$429,000 worth of contracts signed with 4 new customers for exporting fresh produce from Macedonia on the Russian market.

Increased Productivity, Competitiveness and Sales for Processed Vegetables Value Chain: During the last fiscal quarter of 2012, AgBiz through its subcontractor MCG as Lead Facilitator for Processed Vegetables completed the implementation of a significant number of competitiveness enhancement activities that directly contributed towards increasing domestic and export sales, enhancing productivity and the overall competitiveness of the PV VC.

This quarter six PV VC companies that participated at the World Food Moscow fair where they presented their products, established a significant number of contacts and identified interest from potential buyers for importing PV products from Macedonia. The four PVLAs finalized the process of implementation of IFS standard and achieved compliance with IFS requirements. A study was conducted to analyze potential for securing steady packaging material supply and improved bargaining power of PV VC members. The most suitable model for joint supply of glass jars was identified and legal and financial scenarios were prepared. The feasibility studies on introducing new finished products included key financial and market analyses and gross and net profit margins for particular PV products. This activity resulted in the production of 7 new sample products that could potentially be commercially produced and strengthen competitiveness of the PV VC and further secure and improve income generation at all levels in the LAs supply chain.

At the primary production level, a training program for farmers increased the knowledge and understanding of vegetable producers and processors on EU requirements in the areas of Farmers Organizations, IPARD, agri-environment, GAP, marketing standards for fresh and processed vegetables and improved Supply chain actors' capacity for implementation of the latest community standards. Implementation of GLOBAL G.A.P enabled effective and efficient traceability of pepper delivered to LAs for processing that will significantly improve the quality management standard practices of LAs while adding value to farmers' products. A total of 181 integrated supply chain farmers of Vori, Altra, Dentina, Trgoproduct, Bonum Plus, Univerzal Promet, Lars and Green Produkt LAs were trained in advanced production technology and new varieties. More than 450 farmers, supported by selected technical staff and FFRM personnel, were assisted in improving their production practices and contracting and fulfillment of their obligations with 8 selected processing companies. Access to Euromonitor international market data "Passport" enabled companies' easier and more efficient communication with potential buyers and expanded export sales possibility.

Support for Invest Macedonia (IM): This quarter, based on the contract signed with Euromonitor, Invest Macedonia successfully obtained access to advanced Market Information Data including more specific market information ranging from statistical to competitive analyses for the four sectors that were identified with greatest potential in achieving the export targets: Textile Industry (clothing); Agribusiness and wine/Food Industry; Industry of metals and precision mechanics - including automotive parts, and Information and Communication Technology. Invest Macedonia central office as well as 24 export promoters started utilizing the advanced Euromonitor Data Base. Initial results shows that the statistical data and analyses for the selected most prospect sectors are exceptionally useful in enhancing Export promotion function as well as providing proficient FDI follow up support. In August, the Euromonitor representative conducted extensive training to Invest Macedonia staff on how to use "the Passport" system. After the planning conference, Invest Macedonia solicited proposals from the relevant VC stakeholders and, based on their interest and commitment as well as concept papers from export promoters, submitted a list of proposed activities to be implemented with AgBiz support in FY'13.

Enhanced Agricultural Business Environment: AgBiz continued to utilize several components designed to enable a better agricultural business environment for exporters and producers. During the quarter, AgBiz completed most of the trainings designed for private and public stakeholders on mechanisms for advocacy and sustainable public-private dialogue and continued to successfully support companies and farmers to access finance through the financial platform.

Strategic Planning and Policy Making at MAFWE and Special Opportunity Fund: During this quarter the MAFWE completed the Multiannual strategy for Improvement and Monitoring of Milk Quality 2013 – 2020 and the National Program for Agriculture and Rural Development 2013 – 2015. The

work on the preparation of guidelines for PDO/PGI registration of Stanushina wine, Ohrid black cherry and Winter White grapes continued and is expected to finish by mid-October.

Policy and Institutional Reform Needs Identification, Prioritization and Analyses: During this quarter the Lead Facilitators identified two (2) needs for Policy and Institutional Reform. AgBiz throughout this quarter addressed the PIRN “Lack of awareness and information among food processors about hygienic engineering” and finished the work on the PIRN “Working capital needs survey for PV VC members”. The PIRN identified during this quarter and still not selected to be addressed is: Delay of the application of legal requirements for use of certified planting material to 2015. Please see more details in the PIRN section of this report.

Development of VC Export Strategies and Plans for the FF&V and PV VCs: As a follow up to the Kick-off event, the LF Macedonia Export met with the most relevant stakeholders from the value chains and received commitment to be included in the SEMP's development process. The MAFWE, the University of Agriculture and the three biggest Chambers of Commerce in Macedonia also accepted the invitation and delegated their representatives to be directly involved in the preparation of the SEMP documents/ strategies. In coordination with the CBI International, Expert Macedonia Export processed the data, prepared presentations and on 25th and 26th September and organized the workshop #2 on Internal Analysis for FF&V and PF&V. The representatives from both VCs as well as MAFWE, MoE, IM, bilateral Donors, NGOs and the Business Sector participated on the workshop. The only weekly magazine for Economy in Macedonia, “Kapital” covered the workshop and had an exclusive opportunity directly to talk with participants on the importance of developing strategic documents and the commitment of both private and public sector to contribute in the process.

Public Private Dialogue and Organizational Advocacy Capacity Enhancement: During the reporting period, the CeProSARD team completed all training activities derived from the Training needs assessment for VC representatives and GoM employees performed in the previous quarter. The trainings in Communication and Negotiation Skills; Presentation skills and Conflict resolution; Management and Leadership skills were organized with the participation of representatives from both target groups. In addition, training on “Donor relations” and “Use of existing funding mechanisms” were organized for VC organizations in order to inform their participants on possibilities and mechanisms for financing their activities and obtaining sustainability. For representatives of the Sub-sector Standing Groups for fruits and vegetables, three working meetings have been organized in order to review and finalize their operational program for 2013, in compliance with a legal obligation imposed by the Law on Agriculture and Rural Development.

Aiming to support the creation of effective PPD in the FF&V and PV subsectors, an on-line information tool was designed and published on the CeProSARD web site. National support programs, laws, bylaws, regulations, strategic documents in fruit and vegetable subsector were posted on the website, available for all VC participants.

Enhanced Access to Finance: During this quarter, IC completed its AtF activities in the FFV&PV VCs. IC continued educating companies and farmers on the various financial tools available on the market by disseminating the brochure featuring over 15 alternative financial products. IC continued to support access to finance projects by cost-sharing the FFs fee. This activity resulted in 2 companies and 7 farmers successful access finance.

Monitoring and Evaluation: Data collection for indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities in CY 2012 Third Quarter was coordinated and data quality verified. Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the quarter. Over 90 percent of the indicators are on-schedule or are being overachieved at the end of this reporting period.

I.0 FOURTH QUARTER ACCOMPLISHMENTS

I.1 PROGRAM DEVELOPMENT AND IMPLEMENTATION

I.1.1 Actions Completed during the Quarter

Compliance/USAID Approvals

During this Quarter AgBiz submitted Request for Approval (RfA) and received approvals from USAID Contracting Officer's Representative (COR) and Regional Contracting Officer (RCO) as required and in compliance with USAID rules and regulations.

- USAID RCO issued Contract mod#12 to incrementally and fully fund the Task Order by \$1,189,327, thereby increasing the total obligated amount from \$7,100,000 to \$8,289,327, which is estimated to cover expenditures through the end date of the Task Order which is June 18, 2013.
- Short-term technical assignments for International and local consultants to provide in-country assistance to AgBiz.
- Request for Proposal (RfP) for continuing the work of the existing Value Chain Lead Facilitators (VCLFs) for Fresh Fruit and Vegetables (FF&V) and Processed Vegetables (PV);
- Approval of the 2 RfPs for continuation of the work of LFs for: 1. Enhanced Access to Finance (AtF) for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains; and 2. Strengthening Public Private Dialogue (PPD) through the Increased Utilization of Effective Advocacy.
- The Proposal Evaluation Committee including AgBiz Chief of Party (CoP), both Deputy Chief of Party (DCoPs) and the Senior Technical Advisor/Manager (STA/M) and the COR reviewed and commented on the proposals for: FF&V VC and PV VC, Enhanced Access to Finance for participants in the Fresh Fruit & Vegetables and Processed Vegetables Value Chains and Strengthening Public Private Dialogue through the Increased Utilization of Effective Advocacy. Negotiated and interviewed the technical specialists and proposed revisions of the technical approach, budget and indicators.

Compliance/ MK Laws & TtARD Policies & Procedures

- During this quarter Claudia LaLumia, AgBiz STA/M visited the Project. The main objective of Claudia LaLumia's visit to Macedonia in September was to review Proposals submitted by Lead Facilitators (LFs) for the extension of their respective subcontracts and to meet individually with each of the LFs that presented progress to date on their respective AgBiz components and action/work plans for the planned subcontract extension period. These meetings, conducted jointly with the AgBiz project management team, facilitated development of the overall FY 2013 AgBiz Work Plan. While in Macedonia, Ms. LaLumia worked with the CoP and DCoP for Administration, Finance, and Compliance to review operating budget and projections for the coming year.
- Annual Work Planning (AWP) Workshop was held on September 20 and 21, 2012 at Skopski Saem, Skopje. The 5 LFs and Ministry of Agriculture, Forestry and Water Economy representative gave a comprehensive presentation on their FY'13 Activities. Both the COR and the USAID Economic Growth (EG) Director were present at the Annual Working Planning sessions expressing appreciation of the ambitious Work Plan Activities.
- Assisted LFs in Activity Implementation:
 - a) Contract Mods issued for all approved activities for increasing the Contract's obligated funding;
 - b) Reviewed Activity Descriptions Budgets;
 - c) Sub-sub-contractor procurement, purchasing and contracting procedures;

- d) Final cost-sharing;
- e) Financial Reporting and payments;
- f) Reimbursed all Value Chain Lead Facilitators (VCLF) for previous month's expenses.
- All AgBiz local staff performed an annual performance evaluation and plan for the next evaluation period. CoP performed the evaluation and all staff was recommended a proportional salary increase.

I.1.2 Subcontracting LFs and other Qualified Local Business Service Providers

Extending Lead Facilitators' Contracts

During this Quarter AgBiz performed an intensive procurement procedure for Contract Modification to extend Lead Facilitators' Subcontract to implement AgBiz Activities.

Release of the RFP: A USAID-approved detailed RfP was sent to the current LFs. The RfPs contained:

- A detailed Statement of Work (SoW), with deliverables;
- A format for providing a detailed total budget, and a projected basic budget for each proposed activity showing anticipated cost-sharing for each and all LF costs and fees;
- The proposed payment schedule tied to the deliverables;
- Technical proposal evaluation criteria (how the Proposal Evaluation Committee will assess and score received VCLF proposals); statement that the final technical score of each proposal will be a major factor in determining the selected subcontractor; and a statement that the cost proposal will be evaluated separately; and
- A list of certification requirements.

Evaluation of Proposals: The Proposal Evaluation Committee consisted of 3 AgBiz key personnel, the STA/M and the COR who thoroughly reviewed the technical proposals submitted.

Negotiating with Lead Offerors: The Proposal Evaluation Committee held review meetings with each LF and requested additional information regarding both the technical and the cost proposals;

Award, Home Office, and USAID Approvals and Contract Modification: In late October – early November, upon receipt of revised Proposals from LFs, and with USAID's approval of Activity descriptions AgBiz will issue Contract Modifications to the current contracts that will modify:

- Date and extended duration of 7,5 months with specification that services should be completed no later than May 15, 2013
- New SoW with deliverables
- Fixed Management fee amount
- Cost reimbursable amount or not to exceed portion of the contract that will be reimbursed at the actual Activity cost, based on receipts.

Subcontracting other Qualified Local Business Service Providers

Numerous qualified local BSPs were engaged to implement single activities developed by AgBiz and not managed by LFs under 1.1.2, 1.3.1, and 1.3.2. A USAID-compliant process for procuring services from qualified local BSPs was implemented that utilizes an open and competitive bidding process. In essence, the same procurement, implementation, and monitoring procedures were successfully applied to these BSPs (as was applied to LFs).

Agreements Signed Report

Table 1 below shows the total number of Activity Descriptions approved by USAID and contracts signed during the Quarter worth \$43,362, mainly for the remaining activities of the LFs' Subcontracts. All agreements were with Macedonian companies or individuals.

TABLE I. AGBIZ SUBCONTRACTED ACTIVITIES TO LEAD FACILITATORS AND EXTERNAL				
	SUBMITTED TO USAID	USAID CO	Signed	US\$
EPICENTAR- Activity Descriptions under Hybrid Contract				
World Food Moscow Trade Fair	02-Jul-12	02-Jul-12	NR	\$ 7,921
SUBTOTAL				\$ 7,921
MCG- Activity Descriptions under Hybrid Contract				
World Food Moscow Trade Fair	02-Jul-12	02-Jul-12	NR	\$ 7,921
Strengthening of domestic market sales of PV VC products	24-Sep-12	24-Sep-12	NR	\$ 4,840
SUBTOTAL				\$ 12,761
CeProSARD- Activity Descriptions under Hybrid Contract				
Online information tool for Advocacy and PPD	03-Aug-12	03-Aug-12	NR	\$ 5,400
Initiating the work of the Standing working Groups as a formal communication channel for ongoing dialogue between VC participants and GoM bodies Groups	27-Aug-12	27-Aug-12	NR	\$ 2,780
SUBTOTAL				\$ 8,180
AGBIZ DIRECTLY SUBCONTRACTED ACTIVITIES				
Survey on specific financial needs for PV VC	2-Jul-12	2-Jul-12	NA	\$ 4,000
Workshop: "Hygienic engineering and design for achieving food products standardization, productivity and competitiveness at all levels of the FF&V VC and PV VC value chains"	25-Jul-12	25-Jul-12	1-Aug-12	\$ 10,500
SUBTOTAL				\$ 14,500
TOTAL DURING THE QUARTER				\$ 43,362

I.1.3 Actions Planned for the Next Quarter

Compliance/USAID approvals

During the following Quarter AgBiz will submit RfAs to USAID COR and RCO as required and in compliance with USAID rules and regulations.

Compliance/ MK Laws & TtARD Policies & Procedures

During the following Quarter AgBiz will operate under USAID and Tetra Tech Associates in Rural Development (TtARD) Policies and Procedures

Budget and Finance Management

- Prepare Monthly Budget Projections reports, subcontractors' financial pipelines and control budget expenditures to successfully implement a highly leveraged activities' program.
- Prepare LF Subcontracts Final Financial reports.

On-going Monitoring, Control and successful Close out of all Lead Facilitators Subcontracts

- Extend Lead Facilitators' Contracts: In October-November 2012, upon receipt of revised Proposals from LFs, and with USAID's approval of Activity descriptions AgBiz will issue Contract Modifications to the current contracts.
- Thereafter, AgBiz staff will continue to assist, monitor, and control all subcontracts by providing approval of:
 - Activity Descriptions;
 - Sub-sub-contractor Statement of Work (SoWs);
 - Financial Reporting;
 - Final cost-sharing;
 - Memoranda of Understanding/Letters of Intent with third parties;
 - Procurement and purchasing procedures;

- Reporting, monitoring and evaluation, and outreach;
- Payment procedures; and
- Successful Subcontracts' Close out

1.1.4 Inclusive Development

The USAID is committed to the inclusion of people who have physical and cognitive disabilities and those who advocate and offer services on behalf of people with disabilities. USAID's policy on disability is as follows: To avoid discrimination against people with disabilities in programs which USAID funds and to stimulate an engagement of host country counterparts, governments, implementing organizations and other donors in promoting a climate of nondiscrimination against and equal opportunity for people with disabilities. The USAID policy on disability is to promote the inclusion of people with disabilities both within USAID programs and in host countries where USAID has programs.

During this quarter AgBiz as part of the Annual Work Plan Workshop conducted Inclusive Development Training for all staff members and lead facilitators in order to promote and ensure awareness and disability inclusion activities within local implementing partners. The training focused on following topics: USAID and Government of Macedonia (GoM) policy on disability; common misconceptions; physical, communication and social barriers to inclusion and possible strategies for increasing inclusiveness. During Program implementation, whenever possible, AgBiz held trainings and events in venues accessible for the people with disabilities.

1.1.5 External Cooperation and Coordination

In order to optimize the impact on increasing the incomes for all participants in the two targeted value chains, by increasing exports, improving productivity, enhancing the agricultural business environment, and increasing access to finance, AgBiz and its subcontracted LFs have comprehensive and continuous cooperation and coordination with the USAID Mission, other private sector entities, donor projects, Chambers of Commerce as well as relevant Ministries and other Government of Macedonia (GoM) institutions. The Program is leveraging support through all participants in the FF&V and PV VCs, shares experiences, promotes learning from each other and jointly support activities. AgBiz and LFs cooperated during the quarter in the following ways, with other entities:

- On September 5th AgBiz coordinated a Special Opportunity Fund (SOF) review meeting for the TtARD AgBiz STA/M Ms. Claudia LaLumia and COR Meri Cuculoska with the Chief of Cabinet at MAFWE Ms. Valentina Stojanovic Tufa and Project Manager Ms. Nadica Dzerkovska.
- Having Federation of Farmers of the Republic of Macedonia (FFRM) as a subcontractor and partner in the implementation of project activities, AgBiz Management, together with LFs for FF&V, PV and Advocacy and PPD held a meeting with Swedish International Development Agency (SIDA) Project Managers and encouraged SIDA to continue support FFRM and its institutional strengthening for the period September 2012- June 2013.
- MCG as PV VC LF participated at an Instrument for Pre-Accession Assistance for Rural Development (IPARD) monitoring committee and held meetings with the Deputy Minister Konjanovski and with the Payment Agency in regards to mechanisms for payments of additional subsidies for farmers that cooperate with the PV industry;
- Both VC LFs met with representatives of USAID's funded project for Small and Medium Enterprises (SMEs) implemented by Carana and discussed possible synergy with VC program activities;
- Economy, Planning, Innovation Centar (EPI Centar) and Macedonia Consulting Group (MCG) held a meeting with representatives from Macedonian Chamber of Information and Communication Technologies (MASIT), Toni Petreski and Elena Kitanovska on opportunities to introduce innovative Information Technology (IT) solutions within the agribusiness sector.
- EPI Centar as FF&V VCLF held a meeting with Ms. Natalija Puntevska, project manager of Swiss Import Promotion Programme (SIPPO) in Macedonia and discussed possibilities for cooperation in organizing an exhibition of FF&V VC companies at the Fruit Logistica 2013.

I.2 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR FRESH FRUITS AND VEGETABLES

The FF&V sector with over 357,791 tons of exported FF&V is one of the most important single sub-sectors accounting for 3.5% of the overall annual export value¹ of 115.4 mil US\$ (Y2010). However, the FF&V sector has significant obstacles and threats that still need to be addressed. Ex-Yugoslav markets are still the main export destinations of FF&V products, thus creating high export market dependency on a small number of markets. This represents a potential threat to future sales of produce from Macedonia.

Lack of domestic production and low use of certified planting material causes significant productivity deterioration. Although the legal requirements oblige planting material producers from 2014 onward to produce only certified planting material, many of the prerequisites in terms of capacity of institutions and laboratories which develop mother plants and rootstocks are still missing.

At the same time fresh fruit and vegetables are produced on small plots using outdated varieties, and obsolete production technology. The technical support for improving modern production technologies (selection of planting material, planting, growth, treatment, etc.) as well as post harvesting technology is crucial to improving quality and thus the competitiveness of the Macedonian fresh produce.

A low level of vertical and horizontal integration and lack of producer organizations and cooperation among the producers and buyers impedes increased productivity, export competitiveness and overall improvement of the value chain performance. Limited access to favorable finance is also among the most significant issues that hinder further growth of the VC. Thus, AgBiz through EPI Centar as the Lead Facilitator of this component, works on provision of technical assistance at all levels for players within the VC (Apple/Fresh Fruits, Table Grapes and Peppers/Fresh Vegetables) for improving the planting material, production technology and standardization as well as expanding and establishing new market linkages aimed at supporting VC participants to resolve or diminish some of these problems.

I.2.1 Activities Completed during the Quarter

Preparation of VC Baseline Screening through Focus Group Discussions

Objective: Preparation of FF&V VC Baseline Screenings and setting up a mechanism for regular discussion and information exchange between LAs and their farmers on VC performance progress at the primary production level through established Focus Groups (FG).

Activity Summary: The activity included preparation and dissemination of three VC baseline screening reports illustrating the conditions and performance of the: table grapes; fresh vegetables and fresh fruits sub-VCs. The reports provided reviews on the varieties produced, production technology, seasonality of production, postharvest technology, packaging and labeling, retail and wholesale pricing on the domestic market, and the description of the main VC stakeholders including the major issues of each VC. At the same time, the screening reports gave a detailed picture of the most necessary activities for improvement of planting material and production technology. VC screening reports were found by stakeholders to be very valuable for the whole sector and were distributed through FFRM network and web site.

For the purpose of development of comprehensive VC baseline screenings as well as creating a mechanism for continuous monitoring of performance of the VCs, EPI Centar and FFRM established three focus groups on table grapes, apples and other fruits, and peppers/vegetables. Throughout the year, 12 FGs discussions (4 per group) were organized and served as a forum for discussions and information exchange on the specific VC constraints, and to evaluate performance of the sectors. This activity enhanced the capacity of FFRM to closely coordinate with key VC representatives. It is expected FFRM will continue to organize FG discussions as a platform for identification of business environment issues, policy constraints, and measure efficiency and productivity of the VC in the future.

¹Total export value Y2010 according SSO, US\$3.301.829.120

Follow up: This approach was accepted as necessary to continue in the seven month extension. Therefore the FG discussions will continue to be held on a quarterly basis in the following period as a mechanism for monitoring of the VC performance.

(For more details, please see “Activity Result Report Preparation of VC Baseline Screening through Focus Group Discussions” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$32,250; AgBiz Share: \$16,110 or 50%

Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings

Objective: The overall objective of this activity is to increase the potential for non-traditional market presence and increased export sales of FF&V products.

Activity Summary: FF&V VCLF EPI Centar developed qualitative and quantitative selection criteria and coordinated a workshop with different VC stakeholders to select three specific non-traditional markets (one for each product: apples, peppers, table grapes). The analysis showed that the most adequate markets for targeting and inviting potential buyers for conference and B2B events in Macedonia are: (1) Slovakia for Table Grapes, (2) Montenegro for Pepper (3) Bosnia and Herzegovina for Apples. EPI Centar in coordination with FFRM engaged consultants from Montenegro and Bosnia and Herzegovina to identify 5 potential buyers from each of the targeted markets and facilitate them to participate at a conference and B2B with producers and exporters from Macedonia.



From 10th to 13th of September 2012 a Conference and B2B meeting between the pepper (fresh vegetable) exporters and producers of Macedonia and the importers/traders from Montenegro was organized in Strumica. After the B2B, traders from Montenegro had a chance to visit some of the biggest pepper producers and consolidators in Macedonia and to observe the processes and witness the quality of products. The second conference and B2B meeting was organized on 26th and 27th of September 2012 between the apple exporters and producers from Macedonia and the importers/traders from Bosnia and Herzegovina. On-site visits were coordinated to several apple orchards in the region of Resen. The activity immediately initiated very serious discussions and results in terms of export contracts exceeded expectations i.e. export contracts or negotiations for 592t with Montenegro and 650t with Bosnia and Herzegovina of produce from Macedonia were reported.

The third and last event for importers of table grapes from Slovakia is in the process of final preparations and is expected to take place on 5th of November.

FFRM as a partner in this activity published in Moja Zemja articles on Macedonian apple demanded on the market in Bosnia and Herzegovina. The Federation also published on their web articles with information for the selection workshop of non-traditional markets in Kavadarci and well as announcements on the visits of importers from Montenegro and Bosnia and Herzegovina.

(For more details, please see “Activity Result Report Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$45,005; AgBiz Share: \$34,355 or 76%

Provision of Comprehensive Technical On-field Assistance for Modern Production Technology of Table Grapes

Objective: Improvement of overall table grapes productivity and market sales opportunity through provision of comprehensive technical on-field assistance to modernize table grape production technology.

Activity Summary: The two LAs (GD Tikves from Kavadarci and Agrolozar from Strumica) and their integrated farmers (cooperative farmers) working as table grapes producers expressed serious interest for improvement of their production technology. Therefore, EPI Centar engaged two short term consultants to provide training and on-site instruction for different pre-harvesting and post-harvesting operations to improve the overall productivity and competitiveness of table grapes production.

The assistance included use of a new trellising system and a number of ampelo-technical measures that are relevant to improve and secure standardized quality of table grapes. Under the guidance and assistance from technical experts LAs conducted detailed experiments on the impact of microclimate conditions on the vines and its influence on the quality of the Victoria grapes variety. Use of additional ampelo-technical measures resulted in standardized quality of production of the Victoria variety according to the size of the grapes, unique color and chemical composition with all grapes, with European standards for quality. Short-term Technical Assistance (STTA) advice helped Agrolozar to implement anti-hail protection covers and achieve higher efficiency in the harvesting.

Support was also provided to an individual producer Trajce Dushkovski in establishing a new table grapes vineyard. The experts assisted him in performing soil analysis, selection of first class planting material, planting and maintenance of the plants.

Guidelines for production of table grapes were developed by the STTA and were electronically published on FFRM web site and disseminated through the FFRM network. As part of this activity Moja Zemja magazine published an article: "Support constructions for production of quality table grapes".

(For more details, please see "Activity Result Report Provision of Comprehensive Technical On-field Assistance for Modern Production Technology of Table Grapes" included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$14,280; AgBiz Share: \$8,280 or 58%

Support to the Sustainable and Continuous Domestic Production of High Quality, Certified, Market demanded Table Grapes Planting Material

Objective: To increase awareness and interest in local production of high quality certified planting material of demanded table grape varieties; technology transfer.



PHOTO CREDIT: AGBIZ STAFF

On-site guidance for production of higher quality table grapes planting material

Activity Summary: Although it has extensive experience, a long tradition in the production of table grapes and favorable climate conditions, Macedonia suffers from old production technology, old vineyards and inadequate compliance with phyto-sanitary requirements because of insufficient Integrated Pest Management (IPM) tools and practices.

One of the main stifling factors for production of higher quality table grapes is the lack of high quality (domestically produced) planting material. The existing domestic production is not certified and does not correspond to market demand characteristics. In the next two years it is

expected that the legislation for exclusive use of certified planting material will be enforced, and by that time, the demand for such material will be much higher. The production of high quality certified planting material in the country is a necessary precondition for overall improvement of the table grapes sub-sector performance.

Therefore this activity aims to increase the awareness of the need for, and interest in, local production of high quality certified planting material of demanded table grape varieties. The activity helps LAs improve the quality of their current production through technology transfer and lead the process of fulfilling the requirements for the production of certified table grapes planting material in the near future.

Engaged SITTA held regular visits and provided extensive on-site guidance to the LAs (GD Tikves and Agrokalem) throughout the season. They have advised LAs staff on improvements of production technology, techniques for selection of reproduction materials, sorting by ripeness, length and width of the variety, grafting techniques, propagation material, unifying and packing of planting material, etc. As a result of this technical assistance, the LAs reported improved success rate of produced planting material and an improved percentage of first class grafts from the table grapes varieties Victoria and Palieri.

As part of the activity, a short brochure with guidelines for production of higher quality table grapes planting material has been prepared and electronically published and distributed through the FFRM network. In order to have much wider impact, SITTA additionally developed articles on (1) application of ampelo-technical measures for table grapes; (2) Production of table grapes; (3) Cooperative of table grapes producers for organizing the production and (4) Effects from the use of nets in the production of table grapes. These articles were all published in Moja Zemja magazine.

(For more details, please see “Activity Result Report Support to the Sustainable and Continuous Domestic Production of High Quality, Certified, Market demanded Table Grapes Planting Material” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$14,100; AgBiz Share: \$7,100 or 50%

Provision of Comprehensive Technical On-field Assistance for Modern Post-harvesting Apple Technology

Objective: The main objective of this activity is to support small apple producers from the main production region of Resen to upgrade and preserve apple quality and prolong shelf life through the introduction of improved post-harvest handling operations.

Activity Summary: The challenges for the apple sub-sector continue to be the domination of the Ida Red variety, lack of modern facilities for apple storage during winter and spring periods when prices are more favorable; and the need for advanced production technologies, standards and water-efficient drip irrigation systems. Hence, the LF EPI Centar in cooperation with the LA “Grupa za podsektor jabolko” identified the need for assessment of the current situation and design appropriate interventions for improving the post-harvesting technology of apples. An international expert was engaged and visited 18 apple producers in the regions of Resen, Bitola and Valandovo in order to assess the apple storage facilities and the postharvest technologies. During the visit the Third Country National (TCN) expert concluded that the production technology used in the main production area Prespa/Ohrid does not use intensive plantation production technology, the planting material is of low quality, irrigation management systems are inadequate and not very effective, there is no fertigation, anti-hail nets are not used, etc. Based on the findings the expert provided training in Smartfresh post harvesting technology in order to enhance the capacity of producers to upgrade post harvesting practices and improve the quality of the product. The expert also provided suggestions for new apple varieties with much better characteristics in terms of maintenance and shelf life as well as replacement of the current orchards with intensive density orchards. He prepared guidelines for determining of the most adequate time for harvesting of apples, covering the topics of physiological and technological ripeness, indicators of ripeness, harvesting managements and a detailed explanation of the use of different ripeness tests. As part of this activity Moja Zemja published an article “How to produce apples with recognizable quality” whereas FFRM posted comprehensive information on smart fresh technologies on its web site.

Follow-up: Due to the high interest, among producers, in improvements in post harvesting technology for the extension period EPI Centar envisioned practical trials of post harvesting methods for several different varieties of apples.

(For more details, please see “Activity Result Report Provision of Comprehensive Technical On-field Assistance for Modern Post-harvesting Apple Technology” and “Resen/Prespa Apple Quality Management Report” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$18,478; AgBiz Share: \$10,997 or 60%

Support to the Process of Compliance of the Primary Production of peppers with the Requirement of the Buyers and the Market Demand

Objective: The main objective of this activity is improved integration of the supply chain for fresh pepper production through uniformed production and higher yields.

Activity Summary: The pepper production in Macedonia is an extensive agriculture activity especially in the southern parts of the country. However, the production technologies are still “inadequate”, the varieties grown differ in quality, shape and characteristics that do not allow optimal performance of the sector.

EPI Centar worked with the two LAs, Sonce from village Murtino and Badzo from Bogdanci, both producers and exporters of fresh vegetables, to improve the current practice of growing peppers in plastic tunnels through the use of more effective protection, fertilization and adequate irrigation of pepper plants. Engaged experts conducted several field visits and identified draw-backs in their current production technology. Based on the findings, they provided a series of training sessions and on-field technical assistance and advice to farmers on vegetative cycles to increase uniformed production of high quality peppers. Training sessions included: a) Mulching to prevent weed appearance and application of herbicides, loss of water and evaporation from soil surface; b) Pruning on two stems – to obtain high quality fruits that are evenly exposed to the sunlight and easily manipulated during harvest; c) Removal of the first fruits - to have a more vigorous plant to provide nutrient supply for the individual fruits and enable a longer cropping season and d) Shading nets at the top of the tunnel/greenhouse to prolong the cropping season. Due to the increased interest among farmers, the engagement of Technical Assistance (TAs) was extended.

Although implementation of the activity was delayed and growers were not in position to adopt all recommended practices, the activity resulted in an average of 20% increased yield and higher quality fruits.

In addition to the technical assistance, a session on contract farming has been conducted for both the buyers and the sellers i.e. the traders/exporters and the primary producers. The training session focused on the need to develop contracts, their form and elements and the advantages of contract farming backed by official contracts.

In coordination with FFRM, articles on (1) The soil, temperature and irrigation, deciding factors in agriculture, (2) Creation of efficient crop rotation and (3) Biofumigation, preparation of the soil for production of vegetables were published in Moja Zemja. Information for pepper production training and contract farming was posted on the FFRM Web site.

(For more details, please see “Activity Result Report Support to the Process of Compliance of the Primary Production with the Requirement of the Buyers and the Market Demand” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$24,200; AgBiz Share: \$9,200 or 38%

Supporting Sustainable and Continuous Domestic Production of High Quality, Certified, Market demanded Apple Planting Material

Objective: To support sustainable and continuous domestic production of high quality, certified, market demanded apple planting material.

Activity Summary: The current production of apples in Macedonia is based mainly on growing traditional apple varieties and practicing traditional growing techniques. A large number of producers use imported planting material, which has non-permanent quality and safety. In this respect domestic production of certified seedling material for apple varieties suitable for long term warehousing is necessary for ensuring continuous export to international markets. This activity included direct technical assistance to two LAs: Ovoshtar from Argulica, Shtip and Agripro from Valandovo, both registered for production of fruit seedlings and committed to improve their own production in terms of quality and quantity.

Technical experts screened the current situation and developed planogram for frequent field visits. Experts assistance included on-site advice on improving the vegetative parameters of seedlings, establishing preconditions for production of certified fruit planting material and procedures for production of standard and certified planting material for fruit plants. Specific instructions and improved practices introduced included:

1. Soil treatment with soil herbicides after establishment of planting material plantation as a substitution of the old practice of manual placing soil around the plant and the rootstocks for three months that is time consuming and expensive.
2. Soil treatment with select herbicides during vegetation
3. Application of adequate phyto-technical measures for formation of a crown of the planting material (pinching, trimming, phyto-hormone practices)
4. Vegetative mother plant production method for increased production of rootstocks from single mother plant
5. Grafting of rootstocks with ripe vegetative parts kept in refrigeration (Agripro) – to shorten the production time for two year old seedlings with knib method.
6. Selection of new mother plant seed and grown plants from autochthonous population (Ovoshtar) for own production of seeds which results in import substitution of generative rootstocks

In order to achieve preconditions for initiating production of certified fruit planting material the LAs together with the SITTA developed a procurement plan for basic seedlings material. The basic material will serve to start production of mother plantations which will be used for reproduction. Since there is no production of basic material in Macedonia, LAs ordered basic seedlings of several fruits including apple, pear, sour cherry and cherry from a renowned Dutch producer through the authorized distributor for the Balkans. It is agreed the supplier will deliver the material in the winter. So far, appropriate locations for growing the mother plantations are selected and prepared.

The technical expert also provided a detailed guide for the production of certified planting material of fruit plants that was posted on the FFRM, EPI Centar websites. As part of this activity Moja Zemja published four related articles (1) Increased yield and profit; (2) Oblachinska – the most common sour cherry variety in our country; (3) The technology, promotion and joint effort – key for success and (4) M9-Synonym for intensive production of apple. Articles on lessons learned at the University of California (UC) Davis post-harvesting training in Sarajevo as well as the extended version of the technology in production of apple, by Marijan Kiprijanovski were posted on FFRM Web site.

(For more details, please see “Activity Result Report Supporting Sustainable and Continuous Domestic Production of High Quality, Certified, Market demanded Apple Planting Material” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$13,625; AgBiz Share: \$6,625 or 49%

Improvement of Market Linkages: Visit to World Food Moscow 2012, Russia

Objective: Improved linkages with potential new markets and technology transfer

Activity Summary: In recent years, several Macedonian companies increased exports of fresh products to Russia. They’ve been presenting their products at most relevant trade fairs and establishing direct contacts with Russian importers, and had a chance to get firsthand experience on opportunities and challenges in the Russian market. Initial indications are that Macedonian companies can be competitive in this market and that they are recognized for their high quality products with low pesticide residue levels.

Based on the initial good results and market links established, MAFWE through the Macedonian-Russian Chamber supported 6 FF&V VC participants to exhibit their products on World Moscow Fair 2012 at the national stand together with 6 PV VC participants. EPI Centar coordinated the activity with the Macedonian Russian Chamber and facilitated companies exhibiting at the fair. The FF&V exhibiting companies gained perspective of the market characteristics and specific demands, better understood the new trends in FF&V trade on the Russian market, increased their knowledge about equipment used in post-harvesting of fresh fruits and vegetables and established new business contacts that have expanded their market opportunities. Russian buyers presented serious interest for Macedonian produce. The exhibition of FF&V companies at the World Moscow Fair 2012 resulted in \$429,000 worth of contracts signed with 4 new customers for exporting fresh produce from Macedonia on the Russian market.

(For more details, please see “Activity Result Report Improvement of Market Linkages: Visit to World Food Moscow 2012, Russia” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$42,160; AgBiz Share: \$12,050 or 29%

Engagement of International Technical Production Expert for Table Grapes Planting Material and Production Technology

Objective: Improve the production technology among the leading producers of table grapes and table grapes planting material through providing adequate on-field instructions and advice by the international expert.

Activity Summary: FF&V LAs and EPI Centar as the VCLF engaged an experienced international technical expert (Damiano Avanzato) in production of table grapes to visit the four targeted LAs working on production of table grapes as well as production of planting material for table grapes in order to review and assess current issues in production and propose solutions through on-field instructions and advice. The International expert conducted a detailed field visit to all four LAs included in the activity as well as other significant VC players, producers of table grapes and table grapes planting material. The expert assessed the effectiveness of current practices and provided on-field instructions and recommendations based on specific needs and the issues that each producer faces at the vegetative stage of table grapes production. He also visited one nursery where the condition of each plantation was evaluated and recommendations regarding the rootstock selection, fertilization, pruning, treatment, irrigation training systems etc. were shared.

In addition, the group of producers received training on vineyard management including rootstocks varieties and treatment, trimming systems and advanced production technologies to expand the harvesting period. The LAs and the other participants showed great interest in the instructions and advices and found them very specific and practical. In order to distribute the knowledge gained and recommendations from the expert to a larger number of farmers, FFRM published in Moja Zemja and posted on its web site articles about Mr. Avanzato’s visit as well as lessons learned from the previous study tour for apple and table grapes producers in Italy.

(For more details, please see “Activity Result Report Engagement of International Technical Production Expert for Table Grapes Planting Material and Production Technology” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$11,789; AgBiz Share: \$5,453 or 46%

I.2.2 Environmental Protection

Possible Negative Environmental Impact: EPI Centar with support from AgBiz Program ensured that all relevant Subcontractors, STTAs and LAs understand all major FF&V production constraints and follow IPM and pesticide recommendations found in the 2012 Macedonia AgBiz Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP). LF and LAs involved in these activities received training on safe use of pesticides and made sure that all Subcontractor trainers, field extension staff and staff who interact with farmers followed PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides.
- Do not use pesticides containing Active Ingredients that are not Macedonia, European Union (EU), Environmental Protection Agency (EPA) or PERSUAP approved;

- Use pesticide safe use practices, training and safety equipment following GLOBAL G.A.P.;
- Using FFRM network promote the reduction of pesticides use in the production

It was determined that implementation of some of the phases of the following activities could have negative Environmental Impact: “Provision of comprehensive technical on-field assistance for modern production technology of table grapes”, “Production of high quality, certified, market demanded table grapes planting material”, “Support to the process of compliance of the primary production with the requirement of the buyers and the market demand” and “Production of high quality, certified, market demanded apple planting material”.

Recommended Mitigations Measures: For each of the activities determined as having potential negative Environmental Impact, EPI Centar engaged experienced technical experts to follow the PERSUAP and guidelines provided at the training regarding the use of pesticides and other chemicals. Throughout the implementation, technical experts advised LAs and their farmers on the application of production and plant protection techniques and made sure that the substances used were in accordance with PERSUAP and with the European regulations for efficient and sustainable use of pesticides and preservatives. Recommended mitigation measures were provided to all LAs and farmers that have been participating in the activities identified as having possible negative environmental effect. For all activities under this component pesticides containing any of the Active Ingredients forbidden in the PERSUAP were NOT promoted or used in conjunction with USAID resources.

Implementation Status: Completed

(For more details, please see “Safe Use Action Plan (SUAP) Implementation Check List” included on the CD-ROM version of this report)

I.2.3 Activities Planned for the Next Quarter

The FF&V VC activities listed below are planned to be implemented or completed during the next Quarter *(For more details on Activities’ objectives and implementation plan, please see Table 3 under section 1.10.4).*

- Monitoring of the VCs performance through Focus Group Discussions;
- Organization of a Networking Event for Access on Non-traditional Export Markets through Conferences and B2B Meetings, Slovakia;
- Visit to the Apple Trade Fair, Interpoma Bolzano in Italy; and
- Analysis on experimental results from different post harvesting techniques for various apple varieties

I.3 INCREASED PRODUCTIVITY, COMPETITIVENESS AND SALES FOR PROCESSED VEGETABLES

The Vegetables processing industry/value chain remains its strong export orientation. Macedonian processed products enjoy positive reputation among the food importers from the region and EU. In 2011, the export volume of processed vegetables reached the volume of 32 thousand tons and value of 33.5 million Euros, outreaching the exports from 2010 by nearly 2 thousand tons and by 3.5 million Euros in value. According to the processing Industry Survey Report 2011, there are 43 active Fruit and Vegetables processing companies in the country, out of which 22 companies process only vegetables, while 15 companies process both groups of agricultural products. Only 4 enterprises are involved in fruit processing solely. In general, around 90% from the overall production is vegetable processing. The largest portion of the processors are involved in canning - 31, seven have freezing capacities and only two in drying, while the rest of them (three) have combined production lines.

EU and Serbia remained the main export destinations for the Macedonian processed F&V. Regional markets are jointly contributing 38.6% in volume and 41.4% in value of the overall exports. The industry employs 1,179 full time employees and 3,353 seasonal employees, most of which are from rural areas, skilled in handling agricultural products. The utilization of the processing industry capacity increased to 40% in 2010 and 2011, compared to 38% in 2009. According to the results of the survey, the processing

factories purchased 25.1 thousand tons of fresh vegetables directly from the individual farmers or 38.5% (31.7% in 2010), while 28.6 thousand tons were supplied by the traders/consolidators or 43.8% (50.6% in 2010). Agricultural cooperatives supplied the industry with only 0.4 thousand tons or 0.6% (2.6% in 2010), while the remaining 11.2 thousand tons of fresh F&V or 17.1% (15.1% in 2010) were provided by agricultural enterprises.

Although industry representatives commenced various initiatives and opened direct discussions, and Macedonian Association of Processors (MAP) signed a Memoranda of Understanding (MoU) with the Macedonian Bank for Development Promotion, companies still don't have access to more favorable financing. Shortages and limited availability of raw materials continue to be the biggest impediment for further growth of the industry. The key objectives necessary to address the existing shortcomings and to secure constant growth of the processing industry in the forthcoming period include the following: Implementation of a sound export marketing strategy to increase exports and strengthen market presence of PV products on international markets; Improved quality of primary production and improvements in farm accounting practices; Increased horizontal cooperation of farming community; Strengthening of vertical supply chains and reduction of distrust still present between producers and processors; Increased productivity and improved welfare of primary producers.

I.3.1 Activities Completed during the Quarter

Technical Assistance in Implementation of GLOBAL G.A.P

Objective: Improve the management attitudes of PV VC members in regards to food safety and elimination of potential hazards and to improve their cooperation with raw material suppliers.

Activity Summary: The activity was implemented for two groups of 25 farmers, red pepper raw material suppliers, and organized around two LAs: Vori, Gevgelija and Univerzal Promet, Kocani. Technical assistance was provided by two experts in the implementation of GLOBALG.A.P under option 2 implementation, Ms. Zaklina Golceva responsible for the implementation for suppliers of Univerzal Promet in Kocani region and Mrs. Savka Markudova who successfully implemented the standard among farmers / suppliers of Vori in Gevgelija region. Following preparatory activities including selection of farmers and responsible representatives, the experts started with realization of the approved implementation plan. During the implementation process, both technical experts and assigned teams of LAs were actively involved in training farmers on all aspects of GLOBALG.A.P requirements related to the following: Quality of inputs utilized in the production process, effective agro technical measures deployed, minimum utilization of protection means and fertilizers as well as their proper storage, environmental protection and mitigation of possible negative impact, avoidance of possible farmers health hazard and most importantly detailed traceability of each product up to the field of production. Technical assistance was provided through several trainings and continuous direct meetings and field visits. The final stage of implementation of GLOBALG.A.P encompassed an internal audit confirming a high level of improvement in production practices and quality and safety of final products by all farmers involved. Implementation of GLOBALG.A.P enabled an effective and efficient traceability of pepper delivered to LAs for processing that will significantly improve the quality management standard practices of LAs and add value to the farmers' products. Furthermore, LAs expressed commitment to cover needed investments in the near future in replacement and or upgrading existing on-farm protection assets storage facilities, as well as in protection clothes for farmers, a final recommendation of the internal audit.

(For more details, please see "Activity Result Report Technical Assistance in Implementation of GLOBAL G.A.P" included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$10,000; AgBiz Share: \$5,000 or 50%

Technical Assistance in Implementation of IFS

Objective: Increase food safety and food quality practices by domestic PV VC members and enhance export market opportunities of PV products and producers.

Activity Summary: The activity envisions provision of technical assistance in implementation of International Food Standard (IFS) requirements for selected PV VC LAs: Bonum Plus, Altra, Trgoproduct and Rudine. The IFS implementation started with an introduction of IFS to PV VCLAs

including organization responsibilities in regards to the standard and forming a team for developing and carrying out a detailed implementation plan. LAs key management personnel were trained in the principles of the system and educated about internal auditors for IFS standard. Later they scanned the current situation and collected basic data needed for development of IFS responsive documentation related to the identification of processes, process flows, responsibilities and authorities, and determining the guidelines for implementation. An initial audit and gap analysis of the situation was made in order to verify the existing infrastructure-related shortcomings followed with recommendations for adjustments during the implementation process. The final audit that was performed by an external auditor for all involved companies showed that general food production processes and procedures are correctly deployed and conducted in line with IFS requirements. As a result of this activity, the four PV VCLAs deployed a traceability system within their current business operations, thus complying with the requirements by the foreign buyers. This should ultimately increase their competitiveness and further enhance their export market opportunities in the future.

(For more details, please see “Activity Result Report Technical Assistance in Implementation of IFS” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$20,400; AgBiz Share: \$8,000 or 39%

Training Program for Farmers for Adoption of EU Requirements

Objective: The overall objective for organizing this activity is to increase the knowledge of vegetable producers, processors and other PV VC actors about EU requirements regarding needs for adoption in their production practices and transfer the newly gained knowledge and improve SC actors’ capacity for implementation of the latest requirements.

Activity Summary: PVLf MCG subcontracted FFRM as a partner organization and jointly coordinated with the LAs and technical experts to be responsible for planning, organization and delivery of the trainings covering four main areas: Farmers’ organizational forms – Cooperatives, Producer Groups and Producer Organizations in Macedonian horticulture sector; Agri Environment and Good Agricultural Practice (GAP) practices and requirements in vegetable production; National and EU marketing standards for fresh and processed vegetables; and IPARD modifications and new requirements, including identification and invitation of training participants. Trainings were organized in three selected locations Kocani, Strumica and Dzepcishte-Tetovo, recognized as the most suitable locations for both LAs and their suppliers.

Trainings on cooperatives and producer organizations/groups revealed an evident lack of information on advantages and disadvantages of different forms of farmers’ organizations. Trainings with the technical expert Prof. Dr. Gordana Popsimonova included application of modern agro-technical measures in full compliance with the environment, IPM practices and procedures for protection of crops and farmers. A technical expert in coordination with MAFWE representative presented inclusion of new measures in the IPARD program to increase farmers’ potential to access IPARD funds, strengthen their vertical integration and increase their overall performance and income. Trainings for marketing standards for vegetables for fresh and processed markets assisted farmers in recognizing some of the production technology shortfalls that cause insufficient quality of products such as inappropriate irrigation methods or inappropriate density of tomato and pepper plants.

In total, 392 participants followed the training program, the majority being farmers (319). There has been a significant interest expressed for these trainings by other stakeholders such as BSPs, representatives of National Extension Agency (NEA), local governments, local Non-Governmental Organizations (NGO), etc. Considered as very useful for farmers and future cooperation within their integrated supply chains, 20 representatives of the PV VC LAs participated during the trainings.

As a subcontractor, FFRM used this opportunity to strengthen their organizational capacity and skills related to the respective training topics. This enabled FFRM to further continue dissemination of the information related to EU requirements for the farming community involved in the horticulture sector. Utilizing their well-developed network at the local level, FFRM disseminated 250 copies of the printed brochures to farmers involved in horticultural production all over the country. Additional brochures were delivered to NEA and the MAFWE’s Agriculture Inspectorate (in total approximately 600 copies).

[For more details, please see “Activity Result Report Training Program for Farmers for Adoption of EU Requirements” and the brochures (in Macedonian) included on the CD-ROM version of this report].

Activity Cost: Total Cost: \$34,936; AgBiz Share: \$26,936 or 77%

New Product Development

Objective: The overall objective of this activity was the introduction of new finished products to expand product portfolio, strengthen competitiveness of the PV VC and further secure and improve income generation at all levels in the supply chain.

Activity Summary: MCG competitively selected and contracted local BSP to conduct a detailed analysis related to New Product Development (NPD), provide import/export statistics and feasibility study that will justify NPD activities by the PV VCLAs. The initial study showed that there are significant opportunities for domestic PV VC members to increase their product ranges and to attract additional customers for their existing and new products. 4 PV VCLAs confirmed their interest and indicated new potential products that could be subject to commercialization in the forthcoming period. The feasibility studies included key financial analyses such as cost analyses, packaging related costs, costs allocation (variable and fixed), and breakeven analyses including gross and net profit margins for particular products. The studies showed that all new products encompassed have satisfactory gross and net profit margins and could be produced at the existing facilities. Investments in new production equipment are relatively small since the existing production lines with appropriate adjustments are suitable for production of the new products. This activity resulted in the production of 7 new sample products, as follows:

- Mixed vegetables in plastic bags for Hotel, Restaurant, Catering (HoReCa) segment;
- Mixed vegetables (turlitava) in 0.5 kg packaging for retailing;
- Hot pasta sauce in glass jar packaging;
- Mild pasta sauce in glass jar packaging;
- Vegetable salad (peppers and eggplant) in glass jar packaging;
- Frozen pumpkin cubes in plastic bags and cardboard packaging for export, and
- Frozen leek in plastic bags and cardboard packaging for export

According to the PV VCLAs representatives, all of the produced samples of the new products can be further developed utilizing existing in-house competences and expertise. Also, the products could fit easily into the production and sales plans of the companies in the forthcoming period. Moreover, some of them could be produced before or after the production peaks, allowing the companies to extend their production season, to increase utilization of the production capacities and to further increase the competitiveness of the domestic PV VC.

(For more details, please see “Activity Result Report New Product Development” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$30,000; AgBiz Share: \$6,000 or 20%

Introduction of New Varieties and New Vegetable Production Technologies

Objective: Increased and closer cooperation between primary producers and PV members and increased competitiveness of Macedonian PV VC.

Activity Summary: The subcontractor Center for Applied Research and Permanent Education in Agriculture (CIPOZ) established basic preconditions with participating LAs plus AD Alkaloid (not a LA but committed to participate in the activity at its own costs) and proceeded with procurement of selected seeds and special containers for the production of seedlings. Containers and eight types (varieties and hybrids) of pepper suitable for processing were installed on the planned sites, the STTAs from CIPOZ conducted six on-site trainings for producers of new varieties of peppers in Gevgelija and Strumica, in Kocani; one in Tetovo; training in NEA offices in village of Pchinja, Kumanovo region; and one in the municipality of Ohrid. A total of 181 integrate supply chain farmers of Vori, Altra, Dentina, Trgoprodukt, Bonum Plus, Univerzal Promet, Lars and Green produkt LAs participated and were trained in advanced production technology and new varieties. Trainings included planting of pepper plants on selected locations and application of liquid mineral fertilizers for production of seedlings using the new method of

inert substrates in floating containers. In the second phase, interested parties were directly involved in the application of the new seedling production technology and field introduction and growing of the new varieties. As a result of newly introduced production technology both PV VLAs and their ISC farmers witnessed the advantages of using soilless production of seedlings: better root development, healthy and uniform plants, easier and more efficient transplanting, and better rate of acceptance in the open field. All of the introduced varieties showed increased yields compared to yields when traditional pepper growing technology was applied. Moreover, the activity proved that apart from increase in yields, there are other qualitative aspects that should be taken into consideration, such as early and late varieties of peppers that could be produced in the country. In return, the primary producers could supply the industry with more raw materials - peppers over a longer time period and to contribute to extension of the processing season and improved capacity utilization of the companies. Thus would also improve income generation on farm household level and productivity and profitability of the processing capacities.

(For more details, please see “Activity Result Report Introduction of New Varieties and New Vegetable Production Technologies” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$27,000; AgBiz Share: \$19,000 or 70%

Facilitation/Implementation of Contract Farming

Objective: Improvement of the overall welfare of the farming community through stabilizing sales of their horticulture products as well as to secure stable quantities and qualities of raw materials purchased by the processing industry.

Activity Summary: MCG as a PV VCLF competitively selected and subcontracted Foundation Agro-Center for Education (FACE) as a BSP, to manage the overall implementation of the activity and coordinate provision of assistance and constant monitoring and review of the development process, and present the activity results and best practices. The activity

aimed to intensify and formalize cooperation between farmers and PV VC LAs by deployment of the contract farming model for strengthened vertical integration of the value chain. The process was facilitated by production specialists nominated by LAs, the FFRM-assigned team and two experts, an Agribusiness specialist and Plant Protection and horticulture production technology specialist. The activity involved eight PV VC LAs: Vipro, Bonum Plus, Dentina, Lars, Jomi Food, Vori, Univerzal Promet and Green Product and in total 494 farmers (LAs raw material suppliers). The production specialists, together with the FFRM team assisted in developing and signing contracts between LAs and their groups of farmers, controlling the quality of production, fulfillment of the contracting obligations and regular information transfer between the contracted parties. Out of the total number of monitored farmers (80) 15% have made written contracts, while only 19% orally agreed with the selected PV VCLAs terms and conditions for their cooperation. More than 78% of total written agreements were made directly with the selected LAs, while 21.7% were made through intermediaries – traders acting as consolidators on behalf of LAs. Finally more than 32% of the overall written contracts had a pre-defined buy-out price for products delivered for processing - this presents a significant increase and indicates enhanced trust among VC actors. The activity encouraged introduction of long-term production planning by PV VCLAs and their cooperating farmers. Enhanced vertical integration has been proven by expressed



PHOTO CREDIT: AGBIZ STAFF

The technical expert controls the quality of production as one of the prerequisites for fulfillment of the contracting obligations

interest from selected PV VCLAs to co-finance investments at the level of farm holds needed for advanced horticulture production including drip irrigation systems, purchase of high quality seeds and seedlings. Due to this support, contracted farmers reached higher yields, experienced savings in the purchase of protection means and finally saw higher quality of final products that is sold under higher average prices compared with the previous seasons. Farmers that have contracts for delivery of their products to the vegetable processing industry are eligible to receive additional governmental subsidies for horticulture products delivered to the processing industry, on average amounting to 2 MKD per Kg.

The activity final results, lessons learned and identified deficiencies of the model has been analyzed and included in a brochure to be distributed all over the country through the FFRM, NEA and MAFWE's regional offices.

(For more details, please see “Activity Result Report Facilitation/Implementation of Contract Farming” and the brochure (in Macedonian) included on the CD-ROM version of this report].

Activity Cost: Total Cost: \$99,364; AgBiz Share: \$49,364 or 50%

Participation of PV VC Members on International Fair World Food Moscow



Objective: Present and promote Macedonian PV products, identify and establish business contacts with potential importers and distributors and increase participants knowledge of the Russian market for PV products.

Activity Summary: EU markets and regional markets are the largest export destinations for Macedonian processed products which currently enjoy having a positive reputation among the food importers in these countries. Nevertheless, Russia has been identified by GoM as a new market opportunity for domestic fresh and processed vegetable

products. As a result of successful presentation of Macedonian companies in 2011, six PV VC members (Univerzal Promet, Tehnoalat, Lars, Pajdakov, Konimex, and Ksenos) participated at the World Food Moscow 2012 and presented their products to potential interested parties. They exhibited at the joint National Macedonian stand supported by the MAFWE, together with six companies from FF&V VC. Located in hall 2, the stand had an excellent position i.e. all participating companies had equal facings and possibility to present their products in a professional manner. The Macedonian stand, exhibitors and presented products attracted great attention by trade visitors. Ajvar, lutenica and roasted red peppers attracted particular interest by the potential buyers/importers. Participating companies managed to established new business contacts with interested parties primarily from Russia, but also from other countries, such as Belarus. On average each company conducted 10 - 15 meetings with new potential importers/wholesalers and major food distributors. They were mostly interested in canned vegetables packed in glass jars – ajvar, lutenica, roasted peppers and peperoncini. During the trade fair, the PV VC members had a chance to briefly visit retail stores in Moscow's central area and to observe available product ranges, prices, packaging of the processed vegetables, especially pepper based products such as roasted peppers and products similar to lutenica and ajvar originating from Bulgaria, Romania, Greece and Turkey. Retail prices of canned vegetables packed in glass jars are much higher than retail prices of the same products in Macedonia, surrounding markets and EU countries; packaging and labeling is stylish, appealing, but rather standard.

Meetings and discussions at the fair immediately resulted in new concrete orders reported by the Ksenos, Pajdakov and Konimex after the event, reconfirming the overall success of this activity.

Participation of PVVC companies from Macedonia at World Food Moscow improved their overall visibility and image before Russian food importers/distributors as active participants in the international trade of processed vegetable products. They also had a chance to demonstrate their strong internal cooperation with other PV members and possibility to meet larger demands. Understanding the specific requirements of Russian food market will further increase their managerial and business competences, and will help them to position their business operations more competitively in the forthcoming period.

(For more details, please see “Activity Result Report Participation of PV VC Members on International Fair World Food Moscow” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$63,425; AgBiz Share: \$10,001 or 16%

Joint Supplies of Packaging Material for Processing Industry

Objective: Analyze potentials for increased security for packaging material supply, and improved bargaining power of PV VC members.

Activity Summary: With a market of something above 30 mil jars per annum and no domestic producer, the glass jars in Macedonia are predominantly imported from Serbia, Croatia and Bulgaria. The terms and conditions for supply of glass jars are individually negotiated between suppliers and domestic processing companies. The financial analysis that was conducted (this activity) showed that the Macedonian PV VC companies (producing around 1 million of glass jars of finished products per year, but also bigger domestic producers 2-5 million glass jars produced per company annually) cannot enjoy the benefit of quantitative discounts due to small size orders. When individual orders exceed 5 million pieces the average price of 8.5 MKD per standard glass jar (0.720 mil.) could be reduced by 1.23 MKD per jar (or 14%), while joint order of 10 million jars could reduce the price by 1.32 MKD per jar or 15.5%. Also, the lack of long term contracts for exports of PV products from Macedonia impedes the possibility of reliable planning and ordering the glass jars well before the season, when the trading terms and negotiating with input manufacturers are the most favorable. The joint supply of glass jars eliminates some of the existing impediments and contributes to increased reliability of the supplies. If quantities could be planned well in advance, purchasing prices for glass jars could be reduced by 5% and also, the model gives additional buying power of the group and allows them to discuss the purchasing terms and conditions with other interested producers of glass jars. According to the legal and financial expertise, the most applicable scenario is horizontal cooperation and commercial cooperation contracts between the interested processing companies, while one of them will be appointed to initiate and to conclude the contract for purchasing of glass jars.

(For more details, please see “Activity Result Report Joint Supplies of Packaging Material for Processing Industry” included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$9,944; AgBiz Share: \$2,944 or 30%

Strengthening of Domestic Market Sales for PV VC

Objective: Promote domestic products and strengthen their market position and improve existing consumption trends.

Activity Summary: AD was prepared and approved but the activity has been canceled due to high production season and lack of human resources by potential participants, higher than expected costs per company for participation and unavailability of the event management company to organize the event during September 2012.

I.3.2 Environmental Protection

Possible Negative Environmental Impact:

MCG with support from the AgBiz Program ensured that all relevant Subcontractors, STTAs and LAs will understand all major FF&V production constraints and follow IPM and pesticide recommendations found in the 2012 Macedonia AgBiz PERSUAP. LF and LAs involved in these activities received training on safe use of pesticides and made sure that all Subcontractor trainers, field extension staff and staff who interact with farmers followed PERSUAP conditions:

- Use pesticide label-recommended Personal Protection Equipment for applying all pesticides;
- Do not use pesticides containing Active Ingredients that are not Macedonia, EU, EPA or PERSUAP approved;
- Use pesticide safe use practices, training and safety equipment following GLOBAL G.A.P.;
- Using FFRM network promote the reduction of pesticides use in the production.

It was identified that implementation of some of the phases of the following activities could have negative environmental impact: “Technical Assistance in Implementation of GLOBAL G.A.P”, “Introduction of New Varieties and New Vegetable Production Technologies”, “Technical Assistance in Implementation of IFS” and “Facilitation/Implementation of Contract Farming”.

Recommended Mitigations Measures:

Under the activity on Facilitation/implementation of contract farming, production and plant protection expert Prof Dr. Rukije Agic developed detailed production protocols per horticulture product, trained the production specialists and FFRM staff in their implementation and provided permanent support to the field activities during the whole vegetation period. The production and plant protection expert developed and verified the records on diseases and pests occurred as well as recommended and monitored use of chemical protection in all 5 regions where the contract farming activity took place.

The activity on **Technical Assistance in Implementation of GLOBAL G.A.P** was implemented in accordance with the PERSUAP. Horticulture production that is in compliance with the GlobalGAP standard secures quality and safe products provided to the processing industry that are produced under detailed control and avoidance of any negative environmental impact and protection of the farmers welfare.

The activity **Technical Assistance in Implementation of IFS** included provision of technical assistance on the implementation of IFS requirements for selected PV VC LAs: Bonum Plus, Altra, Trgoproduct and Rudine. IFS responsive documentation related to the identification of processes, process flows, responsibilities and authorities, and determining the guidelines for implementation do not include any use or recommendation of any type of pesticides or other chemical protection of plants.

The activity **Facilitation/Implementation of Contract Farming** had positive effects regarding environmental protection due to the fact that new production technologies avoided/eliminated use of chemicals for hot bed preparation which is a regularly applied practice in traditional seedling production processes. Therefore, all PERSUAP conditions were met and no negative impact on the environment was foreseen or reported during the completion of this activity.

For all activities under this component pesticides containing any of the Active Ingredients forbidden in the PERSUAP (Active Ingredients, look at the pesticide bottle label) were NOT promoted or used in conjunction with USAID resources.

Implementation Status: Completed

(For more details, please see “Safe Use Action Plan (SUAP) Implementation Check List” included on the CD-ROM version of this report)

I.3.3 Activities Planned for the Next Quarter

The PV VC activities listed below are planned to be initiated, implemented or completed during the next Quarter *(For more details on activities’ objectives and implementation plan, please see Table 3 under section 1.10.4).*

- Facilitation / implementation of contract farming (Second Phase)
- Organizing a buying mission of Russian importers in Macedonia

I.4 SUPPORT FOR INVEST MACEDONIA

The key objective of this component is to support Invest Macedonia to build its export promotion capacity. AgBiz work for this component is designed to help develop IM export promotion programs that benefit AgBiz supported value chains and enhance Invest Macedonia's internal capacity. AgBiz also closely coordinates with the USAID-funded Investment Development and Export Advancement Support (IDEAS) project and other USAID-supported activities aimed at building Invest Macedonia Export Promotion capacity, institutional development, and the creation of a model institution through the introduction of two export promotion functions by Invest Macedonia i.e. business development and market information functions.

I.4.1 Activities Completed during the Quarter

Acquiring and Dissemination of Euromonitor International Market Data

Objective: The objective of this Activity was to support Invest Macedonia to obtain access to Euromonitor international market data in four sectors that were identified as having the greatest potential to achieve export targets: Textile Industry (clothing); Agribusiness and wine/Food Industry; Industry of metals and precision mechanics - including automotive parts, and Information and Communication Technology (ICT). This activity was designed to increase the knowledge of Invest Macedonia to more effectively plan and execute marketing and promotional activities and to support the process of strengthening capacity building of IM and their development of new services to export oriented companies.

Activity Summary: One of the key obstacles Invest Macedonia and export companies face when developing export marketing strategies is the considerable lack of relevant market information. On the other hand, due to the impact of the global financial crisis and economic slowdown, identifying new market opportunities and developing effective and sustainable market entry strategies is of paramount importance to the future success of the Macedonian industry. This cannot be accomplished without an in-depth understanding of export markets and international consumers that will allow Invest Macedonia and companies to make optimal business decisions that will result in best use of their limited resources to obtain maximum results.

Having a central role in supporting export promotion activities of Macedonian companies Invest Macedonia should be able to provide market information services including market entry reports, market intelligence reports and specialized research. In order to strengthen the accuracy and depth of data used, Invest Macedonia went through an extensive and thorough process of analyzing available private vendors and, in coordination with IDEAS and AgBiz, decided that Euromonitor databases and reports were best suited to their need.

Based on the tri-party contract signed with AgBiz and Euromonitor, Invest Macedonia successfully obtained access to and started utilizing advanced Market Information Data including more specific market information ranging from statistical to competitive analyses for the four sectors that were identified as having the greatest potential to achieve export targets cited above. Invest Macedonia central office as well as 24 export promoters started utilizing the advanced Euromonitor Data Base. Initial results showed that the statistical data and analyses for the four selected most prospect sectors are exceptionally useful in enhancing Export promotion function as well as providing proficient Foreign Direct Investment (FDI) follow up support. Invest Macedonia staff strengthened their analytical skills, improved ability to develop export promotion strategies and enhanced external communication of export promoters with potential buyers. This will expand export sales possibility for Macedonian companies in the selected sub sectors. It is expected this additional service will encourage export companies to recognize Invest Macedonia as a leading partner in strengthening export promotion. During August, the Euromonitor

representative conducted extensive training to Invest Macedonia staff on how to use “the Passport” system.

Activity Cost: Total Cost: \$39,000; AgBiz Share: \$15,000 or 38.7 %.

I.4.2 Activities Planned for the next Quarter

The Activities listed below are planned to be implemented or completed during the next Quarter. The planned support to Invest Macedonia for capacity building regarding export promotion depends on the Agency’s available budget to directly support export promotion activities and further development of internal structure to carry out export promotion function. *(For more details on Activities’ objectives and implementation plan, please see Table 3 under section 1.10.4).*

- Training in Agribusiness for IM Export Promoters

I.5 STRATEGIC PLANNING AND POLICY MAKING AT MAFWE AND SPECIAL OPPORTUNITIES FUND

The goal of this component is to strengthen the MAFWE’s strategic planning and policy capacity. The specific objective is to help the Minister’s cabinet and relevant departments achieve strategic and long-term results by creating firm legal ground that enhances the competitiveness of Macedonian Agriculture. AgBiz is using the Special Opportunities Fund as a flexible resource that allows for creativity and taking advantage of new opportunities as they arise. The new approach gives AgBiz an opportunity to contribute to agribusiness development through work with MAFWE and the GoM on strategic documents and to increase their technical capacity. AgBiz, in coordination with MAFWE, established precise objectives and expected outcomes of this cooperation. SoWs are developed as planned and consultants for implementing approved work are selected in consultation with MAFWE.

MAFWE recognizes AgBiz as a partner on issues regarding developing specific agribusiness laws and regulations and/or as a voice for the private agribusiness sector.

I.5.1 Activities Completed during the Quarter

Preparation of a Multi-annual Strategy for Improvement and Monitoring of Milk Quality

Objective: The objective of this Activity was to provide technical support to the MAFWE in the process of preparing a Multi-annual Strategy for Improvement and Monitoring of Milk Quality. The preparation of this document is needed in order to adjust and improve the dairy sector to new modifications of the EU Common Agricultural Policy (CAP).

Activity Summary: For this Activity the MAFWE required experts through the Association of Agro Economists of Macedonia (AAEM), the livestock department of the Faculty of Agricultural Science and Food and other experts from the livestock institute. In order to initiate the work on the strategy, a working group of key sectorial stakeholders was established. The SoW for each group was developed and delivered.

The technical assistance took into account national development priorities and EU policies when formulating proposals, especially the latest information on EU CAP. The strategy was completed in the beginning of the fourth quarter.

(For more details, please see “Multi-annual Strategy for Improvement and Monitoring of Milk Quality_MK” included on the CD-ROM version of this report).

Activity Cost: Total cost: \$24,000; AgBiz share; \$20,000 or 83%

Analytical and Technical Support and Recommendations to MAFWE for drafting the National Program for Agriculture and Rural Development 2013-2015 in the Republic of Macedonia

Objective: This activity objective was to support the process of drafting the Tri-annual National Program for Agricultural and Rural Development 2013-2015 (NPARD 2013-2015). The policy areas in agriculture and rural development which will be covered in the document are areas of: direct payments, rural development and organization of the markets of agricultural products.

Activity Summary: To reach this goal a Working group was established with relevant policy formulation experts from the Ministry, local experts from the Faculty for agriculture sciences and food in Skopje, Cathedra of Agricultural Economics and a representative from the Cabinet of the vice-prime minister from the Economic Affairs in the Government of the Republic of Macedonia. The activity was completed during July, the document has passed the inter-government filters and the parliament committee for agriculture. The committee recommended that the government consider adding two more years to the new NPARD.

Activity Cost: Total cost: \$23,000; AgBiz share; \$18,522 or 80%

I.5.2 Activities Planned for the next Quarter

The Activities listed below are planned to be implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Building human resource capacities – preparation for negotiations with EU
- Preparation of Studies for Protected Designation Origin (PDO)/Protected Geographic Indication (PGI) Registration for Three Selected Products
- Technical assistance for preparation of Annual Agricultural Report 2011
- Preparation of Strategic Framework Document for National Agriculture and Rural Development Strategy (NARDS) 2014-2020

I.6 POLICY AND INSTITUTIONAL REFORM NEEDS IDENTIFICATION, PRIORITIZATION AND ANALYSES

The main objective of this component is to identify and prioritize the Policy and Institutional Reform Needs (PIRNs), involve private and public sector representatives in facilitating the process of addressing the issues with assistance from AgBiz and relevant consultants as a Short-term Technical Assistance. It is expected that the AgBiz Lead Facilitators and other partners such as the MAFWE and scientific institutions, through their daily communication with the industry and primary producers, will play a major role in comprehending the problems and selecting the most feasible issues to be addressed and solved. Each PIRN will be addressed by engaging a consultant as a SITTA.

I.6.1 Activities Completed during the Quarter

During this quarter the following PIRN were addressed and/or completed:

Lack of Knowledge and Information at MBDP about the Specific Needs of PV VC Members for Working Capital

Objective: The objective of this Activity was to support PV VC members in their efforts to secure more favorable access to credit that will increase PV VC participants' potential to develop new sales opportunities.

Activity Summary: The activity was carried out during the period July – August 2012. The scope of work encompassed the Preparatory work – Identification of processing companies for interviewing purposes; questionnaire development and testing; Field research - contacting, visiting and interviewing the

companies; Collating and analysis - data entering and data analysis; Conduct the survey, collate and analyze data; and Preparation of a report on findings and present the outcomes to the interested parties. The final report, although the first of this kind, contains relevant details related to the finance needs of the processing industry members which in turn make this document a reference material for further analysis and studies.

(For more details, please see "Lack of Knowledge and Information at Macedonian Bank for Development Promotion (MBDP) about the Specific Needs of PV VC Members for Working Capital" included on the CD-ROM version of this report).

Activity Cost: Total Cost: \$5,000; AgBiz Share; \$4,000 or 80%

Lack of Awareness and Information among Food Processors about Hygienic Engineering and design

Objective: The main objectives of this Activity are: Improving food products standardization, productivity and competitiveness at all levels of the FF&V VC and PV VC value chains; Introducing new detailed legislation – regarding rules, codes in hygienic engineering and design; Strengthening business relations between Macedonian fresh fruit and vegetables and processed vegetables producers, and between VC participants and Governmental bodies; and Enhancing the agricultural business environment in Macedonia.

Activity Summary: The activity involved engaging International and domestic experts that prepared presentations (material) specific to FF&V and PV VC producer's hygienic engineering and design requirements. It was implemented in several steps, but the main aspect of the activity was a workshop and round table discussion held at the end. The activity encompassed the following:

Part 1: Hygienic Engineering and Design and FF&V and PV VC's

Presentations on hygienic engineering and design (HYD) principles and requirements to Fresh fruits and vegetables (FF&V) and processed vegetables (PV) value chain producers. Macedonian and International experts presented hygienic engineering and design goals, principles and benefits to the Fresh fruits and vegetables (FF&V) and processed vegetables (PV) producers. Participants discussed on hygienic engineering and design problems that VC actors are presently facing and potential solutions to overcome these challenges.

Part 2: Hygienic Engineering and Design and Government (workshop)

Presentations for governmental institutions regarding hygienic engineering and design: legislation, regulation, inspection, control, and finances required to fulfill HYD requirements.

Part 3: Round table

Round table between Fresh fruits and vegetables (FF&V) and processed vegetables (PV) value chain producers, International expert and Governmental institutions (Ministries, Agencies and bodies). This round table focused specifically on the realization of the hygienic engineering and design requirements to date, reviewing obstacles and opportunities to improve legislation and introducing a new approach to elaboration and establishment of missing legislation regulating these issues including inspection control. These steps represented a sound contribution towards improving the export of food products.

Activity Cost: Total Cost: \$13,500; AgBiz Share; \$10,500 or 80%

Other PIRNs identified this Quarter

Delay of the Application of the Legal Requirements for Use of Certified Planting Material to 2015

The procedure for production of certified basic planting material is quite complex and lengthy. In Macedonia currently there is no production of basic planting material for fruit plants, which is the main reason for the lack of production of certified planting material. The fastest and simplest way to start the production of certified planting material is to import mother plants which will be used to produce certified propagating material in 2-3 years.

The benefits of adequately and timely planning of the implementation of the legal obligations for exclusive implementation of the usage of certified planting material are multifold. Most importantly, there will be a significant opportunity for Macedonian production to be more competitive and access developed markets.

1.6.2 Activities Planned for the next Quarter

Since the work on developing and establishment of the Sub-sector Standing Groups (SSGs) under MAFWE was completed, the groups had a series of meetings at the end of this quarter where several burning issues for competitiveness of the FF&V and PV VC industries were discussed. At the beginning of the next quarter, AgBiz representatives together with the Lead Facilitator for Enhancing the PPD and Advocacy and SSGs representatives will jointly decide which of the identified PIRN should be prioritized and addressed through their established methodology.

1.7 PUBLIC PRIVATE DIALOGUE AND ORGANIZATIONAL CAPACITY ADVOCACY ENHANCEMENT

This component's objective is to provide conditions for establishing a dialogue between the public and private sector by strengthening the capacity of VC participants and representatives of GoM institutions and setting up a system for regular communication and exchange of views on certain topics and documents relative to the fruit and vegetable sub-sectors. The objective will be accomplished through achieving the following Intermediate Objectives:

- Increased capacity of VC participants' umbrella associations, trade and producers organizations to enhance dialogue with relevant GoM bodies to address strategic, policy and institutional issues.
- Increased capacity of relevant GoM bodies to establish appropriate environment for dialogue and functional channels to address policy issues that will improve the business environment for FF&V and PV VCs.
- Established foundation for regular cooperation through launching channels i.e. Subsector Standing Groups for effective and efficient policy dialogue among VC representatives and GoM bodies in the process of developing policy and institutional reforms.

1.7.1 Activities Completed during the Quarter

Training Delivery for VC Participants and GoM Representatives to Improve Advocacy and Enhance the Policy Dialogue Skills

Objective: Increased capacity of VC participants, umbrella associations, trade, producer organizations and GoM employees in order to enhance dialogue related to strategic, policy and institutional issues.

Activity Summary: During the reporting period workshops on the following topics have been organized:

- Training in Communication and Negotiation Skills,
- Training in Presentation skills and Conflict resolution,
- Training in Management and Leadership skills,
- Training in Donor relations and use of effective mechanisms.

Based on the identified training needs of VC participants and representatives from GoM institutions, the training in "Communication and Negotiation Skills" consisted of Communication skills, Barriers and filters in communications, Active listening, Questions – elements of two-way communication, Verbal and Nonverbal Communication, Negotiation concept, Response to the reluctance from others, Dominance, Influence, Steadiness, Conscientiousness (DISC) model and Negotiation in Practice. The training was held on 11th – 12th of July, 2012 in Ohrid with attendance of participants representing different VC actors and employees from GoM institutions.

The training in “Presentation skills and Conflict Resolution” covered aspects as: Preparation and Planning a Presentation – the key steps to effective presentation, Structure of a Presentation (Developing Presentation Plan), Delivery of a Presentation, Managing Interpersonal and Intra-organizational Conflicts and Conflict Resolution at Inter-organizational Level. The training was held on 21st – 22nd of August 2012 in Ohrid with attendance of 28 participants representing different VC actors and employees from GoM institutions.

Training in *Management and Leadership skills* covered the following topics: Intro to Civil Society Organization (CSO) Management, Leadership Styles, Group Dynamics, Difference between Management and Governance, Communication and Information Management and Decision Making Processes. The training was held on 10th -11th of September in Mavrovo with attendance of 27 participants representing different VC actors and employees from GoM institutions.

In addition, in order to strengthen the capacity of the VC organizations, Training in Donor Relations and use of existing funding mechanisms was organized with participation of 20 representatives from various VCs active in the FF&V and PV VCs. The training was organized in Skopje on 27th of September 2012. It included the following topics: Main Steps in Donor Approach, Presenting Project Ideas to Donors (Project Proposal), Tips and Guidelines on the most Important Skills for Communication and Negotiation with Donors, Implementation of Projects and Communication with Donors, and Recognition of Donors and Introduction to existing funding opportunities from EU and other donors in Macedonia (application process, procedures, management tips, etc.).

Activity Cost: Total Cost: \$15,420; AgBiz Share: \$12,420 or 81%.

Development of the On-line Information Tool

Objective: Development of the practical on-line information tool containing all national support programs, laws, bylaws, regulations, strategic documents and educational brochures in F&V subsector compatible with Center for Promotion of Sustainable Agriculture and Rural Development (CeProSARD) and MAFWE website.

Activity Summary: During this quarter, the online information tool was prepared where many national support programs, laws, bylaws, regulations, strategic documents have been published². In addition, the information tool contains information on prices of fruits and vegetables, available credit lines and specific information related to accession of IPARD funds and other news and events related to fruit and vegetable topics. This section of the web page is designed for F&V SSGs and all information related to their work will be published on time.

As a result, representatives of producers and processors are able to receive timely information for the preparation of all documents related to their operations and can intervene in an appropriate stage of their development, while the representatives of institutions received a tool for getting quick and timely information about the needs and opportunities of all stakeholders. With usage of this tool, the ultimate result will be faster and better preparation of documents, policies and strategies, which can easily be implemented after its adoption. In addition, all related EU and national documents will be published on the same web page in order to provide a valuable source of information available for all VC participants. CeProSARD will maintain the tool during the project implementation, and train MAFWE representatives to continue updating and maintaining the tool after project closure to ensure its sustainability.

In the second phase of development of the tool, regular update and new important information will be published in line with the target group needs and recommendations. Furthermore, the online information tool will be a practical instrument and additional commitment for regular communication and discussion on different issues among both public and private sector entities.

Activity Cost: Total Cost: \$5,400; AgBiz Share: \$5,400 or 100%.

² <http://ceprosard.org.mk/PPG/Default.aspx>

Establishing Communication Channel for Ongoing Communication between VC Participants and GoM Bodies

Objective: Functional communication channel established for efficient PPD in fruit and vegetable subsectors.

Activity Summary: At the time of official submission of the RfP, AgBiz originally planned to establish a F&V Committee, consisting of representatives from VCs and GoM bodies responsible for creation of FF&V and PV measures, policies and strategies. At the very beginning of the project, in communication with MAFWE, it was jointly concluded that the project should support creation and functioning of Fruit and Vegetable sub-sector standing groups which, according to Law on Agriculture, have a role to play as a channel and platform for addressing the various policy and institutional reform needs. Through these groups, representatives from FF&V and PV started to work on the issues and documents related to FF&V and PV and implemented some actions for active participation in developing national support measures.

By supporting operation of F&V SSGs with the efforts from the project team, favorable preconditions for business communication and PPD have been created. In the reporting period, four meetings have been organized with secretaries of F&V SSGs. At these meetings support activities for the operation of both groups were discussed and agreed upon. In addition, two working meetings of SSG for Fruits were organized and one meeting of the Working Group for Vegetables for development of the Annual program of the SSGs was conducted. The project team facilitated the process of defining operational programs for 2013 for both SSGs. In the operational programs all important activities for next year have been elaborated with expected results, indicators, responsible person and proposed budget and possible sources of financing. According to the Law on Agriculture, some of the activities proposed in their program will be prioritized for financing from the national budget within the National Support Programs for 2013. Through supporting operations of Fruit and Vegetable Sub-sector Groups, the project will contribute to creation of a sustainable cooperation channel.

Activity Cost: Total Cost: \$7,692; AgBiz Share: \$2,780 or 100%.

I.7.2 Activities Planned for the next Quarter

The Activities listed below are planned to be implemented during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Organization of the training sessions - Training delivery;
- Up-date of the on-line information tool;
- Regular meetings with both target groups
- Meetings with Subsector stranding groups for fruits and vegetables

I.8 DEVELOPMENT OF VC EXPORT STRATEGIES AND PLANS FOR THE FF&V AND PV VCS

The overall objective of this AgBiz component is to establish a process and develop Export Marketing Plans for both VCs that will enable a more coordinated approach to export promotion and will enhance the capacity of Invest Macedonia to facilitate and gradually take over the managing of Export promotion. The process will encourage involvement of PV and FF&V value chain stakeholders, Invest Macedonia, Government bodies and other relevant entities to assess and prioritize key export markets, and ensure export promotion plans are focused on agricultural products for which Macedonia has the biggest competitive advantage. The Macedonia Export as Lead Facilitator works in close coordination with the international and local experts from the Dutch Center for Promotion of Import from Developing Countries (CBI).

I.8.1 Activities taken during the Quarter

Developing Sector Export Marketing Plans for FF&V and PF&V VCs - Internal Analysis

Objective: The objective of this activity was to organize a two-day workshop with stakeholders from both FF&V and PF&V VCs to carry out an Internal Analysis to define the key strengths and weaknesses and develop a basis for identifying the common Unique Selling Proposition that Macedonian FF&V and PF&V companies can claim when entering new and/or expanding current export markets. The activity should include collecting necessary data and information related to the sub-sectors, organizing preparation meetings with the key stakeholders from both VC and the relevant institutions and conducting workshops.

Activity Summary: As an initial step in Developing Sector Export Marketing Plans it is necessary for the working team to carry out an Internal Analysis that will create a better understanding of strengths and weaknesses of VCs to compete regionally and globally. Therefore, Macedonia Export in coordination with a CBI international expert and AgBiz developed an outline for the Sector Export Marketing Plans (SEMP) documents. Under the Internal Analysis, the outline included a description of the composition of the sector, size and growth, trade structure, demand and supply side analysis, risk of new entrants and substitutes, related legislation and institutional framework. The LF together with the local CBI representative and IM developed a joint online platform on Dropbox and compiled all relevant information and data sources such as reports, strategies, and official statistics to be used as input documents. In addition, Macedonia Export coordinated with the two AgBiz VCLFs, MCG and EPI Centar and closely cooperated in the process and synchronized communication with the target group.

On 25th and 26th September, together with Invest Macedonia Agency and CBI, Macedonia Export organized two one-day workshops: one with the participants from the FF&V VC and the second with participants from PF&V VC. During the workshops, the Macedonia-Export team, CBIs international expert and local experts present the data analyzed, facilitated the discussions and recorded all input that was provided by the working group members. Participants managed to identify sector strengths and weaknesses, opportunities and threats; defined key competitive advantage and basis for unique selling points for both VCs and developed task and specific responsibilities for the next period for all working group members;

After the workshop the LF proceeded with follow up communication and meetings with the main stakeholders to agree upon conclusions made at the workshops, finalize the input to the SEMP document and start preparation for the following working session – External Analysis.

Activity Cost: Total Cost: \$16,468; AgBiz Share: \$9,656 or 59%.

I.8.2 Activities Planned for the Next Quarter

The Activities listed below are planned to be implemented during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Developed External Analysis of the FF&V and PF&V sector
- Developed Strategy of the FF&V and PF&V
- Implemented Confrontation
- Implement 4 workshops

I.9 ENHANCED ACCESS TO FINANCE

Access to finance is the one of the major impediments to economic growth and business expansion of the private sector in Macedonia. Most companies do not even consider the option of going to a financial institution mainly due to the perceived unfavorable conditions under which local banks operate, especially related to loan appraisal, terms and collateral requirements. Companies exporting fresh and processed fruits and vegetables often require finance for investments in new technology, upgraded machinery and facility expansion. Perhaps an even bigger need for financing is for working capital for

the exporters/traders to source raw material from contracted farmers throughout the season. Successful access to finance is often a matter of companies being aware of various financing options available on the financial market as well as companies showing improved financial management and planning and developing sound business expansion plans and bankable financial proposals. In many cases, it entails carefully thought-out financial engineering and finding the financial institution or equity partner that best fits a company's needs. The experience of Financial Platform (FP) program and the Innovation Center (IC) showed the following constraints:

Demand side (Companies): Limited supply of bankable project proposals to banks. The three major causes of this core issue from the demand side are:

- Poor identification and planning of firms' investment needs;
- Limited attractiveness/creditworthiness of firms to outside investors/creditors, and
- Poor understanding of financial products that financial institutions are offering.

Supply side (Financial Institutions): Mismatch between the demand and offer of financial services. The core causes of this issue related to financial institutions are:

- High collateral requirements (1:2 even 1:3) and fixed bank fees;
- Limited depth and outreach of financial service offer, and
- Restricted use of project finance approach.

The final effects of this access to finance related issues for the Macedonia economy are:

- Limited level of domestic investment;
- Lost opportunity for business growth (overall firm's sales and exports), and
- Lost opportunity for incremental employment.

In order to address these issues and assist AgBiz Value Chain companies, Innovation Center proposes to develop the Financial Platform AtF methodology to serve the needs of the companies from AgBiz VC's.

1.9.1 Activities Completed during the Quarter

Helping Companies Access Finance by Cost-sharing Services of the IC FP Pool of Financial Facilitators

Objective: The objective of this activity is to help companies from AgBiz supported VCs to successfully access finance through managing the pipeline of projects, ensuring that all results accomplished by FF are properly monitored and reported.

Activity Summary: This quarter the Financial Facilitators with IC's support helped 2 companies and 7 farmers successfully access finance in the total amount of 992,200 US\$. The total investment facilitated was 1,389,200 US\$.

Activity Cost: Total Cost: \$59,840; AgBiz Share: \$18,500 or 31%

1.9.2 Activities Planned for the next Quarter

The Access to Finance activities listed below are planned to be initiated, implemented or completed during the next Quarter (*For more details on Activities' objectives and implementation plan, please see Table 3 under section 1.10.4*).

- Educational and Matchmaking Events for FF&V and PV VCs' Participants;
- On-going management of the AtF project pipeline.

I.10 PERFORMANCE MONITORING AND EVALUATION

Implementation of comprehensive data collection, data quality assessment and reporting continued during this Quarter according to the previously established methodology.

I.10.1 Activities Completed during the Quarter

- The Fiscal Year (FY) 2012 Third Quarter Report was finalized and approved by USAID;
- Data collection of Indicators measuring increased sales at farm-level and both volume and value of sales of agricultural commodities for Calendar Year (CY) 2012 Third Quarter (July-September) from both AgBiz supported VCs' Lead Actors was coordinated and data quality verified;
- Activity Post-Evaluation forms were obtained from LFs, data quality was assured and the matrix for tracking results achieved from Activities implemented during the reporting period was updated;
- Indicator quantitative results achieved during the implementation of the first three quarters of FY'12 were presented during the AgBiz Success & Achievements Review Workshop that was held in Ohrid;
- Based on the Technical Proposals received from the LFs Indicator Targets for FY'13 were established and the expected results were presented during the AWP FY'13 Workshop;
- Development of the FY'12 Fourth Quarter and Annual Report and FY'13 Annual Work Plan was initiated and input formats and guidance were provided to the LFs.

I.10.2 Activities Planned for the Next Quarter

- Continue monitoring and mentoring selected LFs to successfully implement data collection, tracking indicator achievements and follow reporting procedures, and
- Continue updating input and maintain the internal Management Information System to assure proper implementation of data collection methodology, data quality assessment and reporting.

I.10.3 Quantitative Performance Indicators

Progress toward achieving both qualitative and quantitative program objectives was very satisfactory during the Quarter. Achievements on quantitative performance indicators that are reported on Calendar Year and Quarterly basis are shown in Table 2 below.

Both anticipated and actual results achieved in 2011 that are reported on Calendar Year basis are presented in the first two columns. All of the standard result-oriented Indicators targets have been achieved.

Indicators that are reported on Quarterly basis (their Past Performance, Achievements made during the reporting period, Cumulative results achieved during FY'12 and their Targets) are presented in the following four (4) columns. Over 90 percent of the indicators are on-schedule or are being overachieved at the end of this reporting period.

TABLE 2. CY'11 AND FY'12 ACHIEVEMENTS TO DATE

		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'12 TO DATE	FY'12 (Oct 1, 2011- Sept 30, 2012) TARGETS	PERFORMANCE (in %)
Overall Objective: Increased incomes for all types of participants in selected agricultural value chains								
Indicator Number	Indicator Title							
Indicator 1.	Value of incremental sales (collected at farm- level) attributed to USG assistance (in USD)	\$1,221,754	\$ 1,160,518	N/A	N/A	N/A	N/A	105%
Indicator 2.	Percent change in value of total sales of targeted agricultural commodities	7%	7%	N/A	N/A	N/A	N/A	100%
IR 1.1	Increased domestic and export sales resulting from the activities of local partners							
Indicator 1.1.1	Value of sales of targeted agricultural commodities as a result of USG assistance (in USD)	\$35,688,747	\$35,643,217	N/A	N/A	N/A	N/A	100%
Indicator 1.1.1 a	Value of sales to domestic market	\$8,726,509	\$8,916,931	N/A	N/A	N/A	N/A	98%
Indicator 1.1.1 b	Value of sales to the regional market	\$13,611,111	\$13,257,742	N/A	N/A	N/A	N/A	103%
Indicator 1.1.1 c	Value of sales to international market	\$13,287,016	\$13,287,016	N/A	N/A	N/A	N/A	100%
Indicator 1.1.1 d	Value of sales to domestic market(planting material)	\$183,000	\$181,528	N/A	N/A	N/A	N/A	101%
Indicator 1.1.2	Volume of sales of targeted agricultural commodities as a result of USG assistance (in MT)	39,413	39,717	N/A	N/A	N/A	N/A	99%
Indicator 1.1.2 a	Volume of sales to domestic market (in MT)	11,811	12,084	N/A	N/A	N/A	N/A	98%
Indicator 1.1.2 b	Volume of sales to the regional market (in MT)	14,652	14,408	N/A	N/A	N/A	N/A	102%
Indicator 1.1.2 c	Volume of sales to international market (in MT)	12,950	13,225	N/A	N/A	N/A	N/A	98%
Output Level Indicators								
Indicator 1.1.1.1	Number of new varieties and products from the supported VCs developed	N/A	N/A	4	23	27	16	169%
Indicator 1.1.1.2	Number of new exporters and new participants in the supported value chains	276	206	N/A	N/A	N/A	N/A	134%
Indicator 1.1.1.3	Number of export capacity enhancement activities for Invest Macedonia	N/A	N/A	8	0	8	10	80%
IR 1.2	Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners							
Indicator 1.2.1	Number of private sector firms that have improved management practices as a result of USG assistance	N/A	N/A	1,134	434	1,568	1,293	121%

TABLE 2. CY'11 AND FY'12 ACHIEVEMENTS TO DATE

		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'12 TO DATE	FY'12 (Oct 1, 2011- Sept 30, 2012) TARGETS	PERFORMANCE (in %)
Indicator 1.2.2	Number of new technologies or management practices introduced	N/A	N/A	68	12	80	41	195%
Output Level Indicators								
Indicator 1.2.1.1	Number of formal delivery contracts made by supported VC participants	433	249	N/A	N/A	N/A	N/A	174%
Indicator 1.2.1.2	Total number of individuals who have received USG supported short-term agricultural training	N/A	N/A	2,818	936	3,754	3,258	115%
Indicator 1.2.1.2 a	Number of male individuals who have received USG supported short-term agricultural training	N/A	N/A	2,123	809	2,932	2,445	120%
Indicator 1.2.1.2 b	Number of female individuals who have received USG supported short-term agricultural training	N/A	N/A	695	127	822	813	101%
Indicator 1.2.1.3	Number of capacity-building service providers receiving USG assistance	N/A	N/A	89	6	95	55	173%
IR 1.3	Strengthened strategic planning and policy making of GoM and private sector partners							
Indicator 1.3.1	Number of policy reforms / regulations / administrative procedures drafted and presented for public / stakeholder consultation as a result of USG assistance	N/A	N/A	3	1	4	4	100%
Output Level Indicators								
Indicator 1.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	N/A	N/A	5	2	7	10	70%
Indicator 1.3.1.1 a	Number of policy reform needs identified	N/A	N/A	14	2	16	12	133%
Indicator 1.3.1.2	Number of Sector Export Promotion Strategies developed	N/A	N/A	In Progress	In Progress	In Progress	2	N/A
Indicator 1.3.1.3	Number of advocacy capacity building activities implemented	N/A	N/A	3	6	9	9	100%
Indicator 1.3.1.4	Number of VC entities who have received advocacy capacity building training	N/A	N/A	23	13	36	34	106%
Indicator 1.3.1.5	Number of individuals who have received advocacy capacity building training	N/A	N/A	68	188	256	245	104%
IR 1.4	Increased access to finance in the agriculture sector resulting from the activities of local partners							

TABLE 2. CY'11 AND FY'12 ACHIEVEMENTS TO DATE								
		PERFORMANCE INDICATORS REPORTED ON CY BASIS		PERFORMANCE INDICATORS REPORTED ON FY BASIS				
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	CY'11 (Jan 1-Dec 31, 2011) TARGETS	PAST PERFORMANCE	PROGRESS THIS QUARTER	FY'12 TO DATE	FY'12 (Oct 1, 2011- Sept 30, 2012) TARGETS	PERFORMANCE (in %)
Indicator 1.4.1	Value of loans facilitated from non-DCA and DCA-supported finance institutions (in 000 USD)	N/A	N/A	3,463.9	992.2	4,456.1	4,000	111%
Output Level Indicators								
Indicator 1.4.1.1	Number of MSMEs receiving USG assistance to access bank loans or private equity	N/A	N/A	13	9	22	20	110%
Indicator 1.4.1.2	Value of customer financing need identified (in 000 USD)	N/A	N/A	3,921	169	4,090	925	442%
Indicator 1.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	N/A	N/A	974	824	1,798	1,537	117%

I.10.4 FY'12 Activities Implementation Status Report

Table 3 below shows the status of all Activities at the end of the Quarter, as well as the Activities planned to be initiated in the next Quarter (listed in the first section of the Table untitled “To be Developed”). The section entitled “Being Developed” lists the Activities for which detailed Activity Descriptions were developed and submitted to AgBiz by the LFs for further review and approval. The following section “Being Implemented” lists Activities that are approved by both AgBiz and USAID; agreements with partners and participants were signed and are underway at the end of the Quarter. Brief Activity Objective, Total Cost and AgBiz Share (as allocated with ADs) are also shown for all of the Activities in compliance with the Budget allocated during the Annual Work Plan sessions.

The last section entitled “Completed” presents the Activities completed at the end of the Quarter, as well as the achieved impact of completed Activities. According to ADs, these Activities had a total cost of \$658,541 to which AgBiz contributed by 43%. Nineteen (19) new technologies or management practices were introduced to 936 representatives from 94 agribusinesses that participated in AgBiz supported Activities. The participants gave the Activities an average level of satisfaction score 4.7 out of 5.0.

TABLE 3. ACTIVITIES STATUS REPORT						
MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			ACTIVITY DESCRIPTION/OBJECTIVE
			TOTAL	AGBIZ	AgBiz Percentage	
TO BE DEVELOPED						
161	Monitoring of the VCs performance through Focus Group Discussions	FF&V	15,550	7,090	46%	Development of a platform for continuous monitoring of the VC performance as a basis for identification of the issues and needs for support in the VC on the producer's level
162	Educational and Matchmaking Events for FF&V and PV VCs' Participants	AtF	4,500	900	20 %	Match the companies that need financing with sources of funding and educate companies and farmers about specific financial products dedicated to their target group
254	Organization of a Networking Event for Access on Non-traditional Export Markets through Conferences and B2B Meetings, Slovakia	FF&V	16,368	4,798	29 %	Access to Slovakia as a new non-traditional market for table grapes from Macedonia and increase export sales
255	Visit to the Apple Trade Fair, INTERPOMA Bolzano in Italy	FF&V	13,626	5,192	38 %	Improve the knowledge in production technology of the leading producers of apple/fruit and table grapes VCs and encourage improved competitiveness and productivity
256	Organizing a buying mission of Russian importers in Macedonia	PV	8,103	3,326	41 %	Meet with relevant Russian importers of PV and present processing facilities and opportunities for future business cooperation
645	Analysis on experimental results from different post harvesting techniques for various apple varieties	FF&V	10,681	5,181	49 %	Introduction of various post-harvesting techniques through trial experiments for preservation of apple quality
646	Facilitation / Implementation of contract farming (Second Phase)	PV	52,000	25,000	48 %	Strengthen vertical integration of the VC by improving productivity and securing supply of sufficient quantities of raw material for PV VC members
BEING DEVELOPED						
154	Building Human Resources Capacities (Preparation for EU Negotiation)	SOF	12,000	10,000	83 %	Prepare and deliver training for selected MAFWE employees for direct negotiations with EU representatives on priority Agriculture issues for Macedonia
645	Preparation of Strategic Framework Document for the new National Agricultural and Rural Development Strategy (NARS)	SOF	15,000	12,500	83%	Provide technical support to the MAFWE in the process of preparation of Strategic Framework Document (SFD) as a process of setting the basic postulates of the strategic planning needed for drafting the new NSARD for the period of 2014-2020
913	Annual Agricultural Report 2011	SOF	7,200	6,000	83%	Provide technical support to the MAFWE in the process of preparation and publication of the Annual Agricultural Report 2011
BEING IMPLEMENTED						
151	Training Delivery for VC Participants and GoM Representatives to Improve Advocacy and Enhance the Policy Dialogue Skills (Phase 3)	PPD	N/A	N/A	N/A	Implementation of the training programs in line with the training needs assessment aimed to improve advocacy and enhancement of the policy dialogue skills of the VC representatives and employees in GoM institutions
159	Workshop on Hygienic Engineering and Design for achieving Food Products Standardization, Productivity and Competitiveness	PIRN	13,500	10,500	78 %	Improve food products standardization, productivity and competitiveness at all levels of the FF&V VC and PV VC value chains and introduce new detailed legislation
631	Support in Preparation of guidelines for PDO and PGI for specific Macedonian agriculture products	SOF	21,600	18,000	83 %	Provide technical support to MAFWE in the process of preparation of guidelines for PDO and PGI for specific Macedonian agriculture products
640	Analytical and technical support and recommendations to MAFVE for drafting the National Program for Agriculture and Rural Development 2013-2015	SOF	23,000	19,000	83 %	Support the process of drafting of the 3-annual National Program for Agricultural and Rural Development

Table 3. ACTIVITIES STATUS REPORT												
COMPLETED												
MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in AgBiz supported Activities	# of New Technologies/ Management Practices Introduced	# Male Individuals who have Received Training	# Female Individuals who have Received Training	# of Capacity Building Service Providers receiving Assistance	Average Evaluation Score
			TOTAL	AGBIZ	AgBiz Percentage							
150	Technical on-field Assistance for Modern Production Technology of Table Grapes (Phase 3)	FF&V	14,280	8,280	58 %	1	0	0	0	0	0	N/A
156	Engagement of International Technical Production Expert for Table Grapes Planting Material and Production Technology	FF&V	11,789	5,453	46 %	N/A	6	0	20	5	0	N/A
243	Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings (Phase 2)	FF&V	45,005	15,395	34 %	N/A	22	0	93	12	0	N/A
326	FF&V VC Participants at World Food Moscow 2012 Trade Fair	FF&V	62,953	7,921	13 %	N/A	6	0	9	1	0	4,5
625	Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material (Phase 3)	FF&V	14,100	7,100	50 %	N/A	2	0	3	2	1	N/A
626	Supporting sustainable and continuous domestic production of high quality, certified, market demanded apple planting material (Phase 2)	FF&V	13,625	6,625	49 %	4	2	2	2	0	0	N/A
627	Support to the process of compliance of the primary production with the requirement of the buyers and the market demand (Phase 3)	FF&V	24,200	9,200	38 %	1	5	3	25	6	0	N/A
632	Provision of comprehensive technical on-field assistance for modern post-harvesting apple technology	FF&V	18,478	10,997	60 %	N/A	2	2	20	0	1	N/A
903	Preparation of VC Baseline Screening through Focus Group Discussions (Phase 4)	FF&V	32,250	16,110	50 %	N/A	9	0	50	9	0	N/A
FF&V VC COMPONENT SUBTOTAL			236,680	87,081	37 %	6	54	7	222	35	2	4,5
149	Introduction of New Varieties and New Vegetable Production Technologies (Phase 2)	PV	27,000	19,000	70 %	8	N/A	N/A	N/A	N/A	N/A	N/A
327	Participation of PV VC members on International Fair World Food Moscow	PV	63,425	10,001	16 %	N/A	6	2	23	10	0	4,8
624	Facilitation/implementation of contract farming	PV	99,364	49,364	50 %	N/A	8	1	454	40	1	4,8
633	New Product Development	PV	30,000	6,000	20 %	7	4	1	11	5	1	5,0
634	Technical assistance in implementation of GlobalGAP	PV	10,000	5,000	50 %	N/A	2	1	47	7	1	4,8
635	Technical assistance in implementation of IFS standard (Phase 2)	PV	20,400	8,000	39 %	N/A	4	4	9	8	1	4,9
641	Joint supplies of packaging material for processing industry	PV	9,944	2,944	30 %	2	5	2	6	5	0	5,0
PV VC COMPONENT SUBTOTAL			260,133	100,309	39 %	17	29	11	550	75	4	4,9
160	Internal Analyses for the Process of SEMP's Development	SEMP	16,468	9,656	59 %	N/A	11	1	37	17	0	N/A
SEMP COMPONENT SUBTOTAL			16,468	9,656	59 %	N/A	11	1	37	17	0	N/A
630	Preparation of a Multi-annual Strategy for Improvement and Monitoring of Milk Quality	SOF	24,000	20,000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
636	Support in Preparation of Secondary Legislation based on Recently Adopted Laws related to Agriculture Sector	SOF	18,000	15,000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
640	Analytical and technical support and recommendations to MAFWE for drafting the National Program for Agriculture and Rural Development 2013-2015	SOF	23,000	19,000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SOF COMPONENT SUBTOTAL			65,000	54,000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
915	Survey on the Specific Needs of PV VC Members for Working Capital	PIRN	5,000	4,000	80 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PIRN COMPONENT SUBTOTAL			5,000	4,000	80 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 3. ACTIVITIES STATUS REPORT												
COMPLETED												
MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	*ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in AgBiz supported	# of New Technologies/ Management Practices	# Male Individuals who have Received	# Female Individuals who have Received	# of Capacity Building Service Providers receiving	Average Evaluation Score
151	Training Delivery for VC Participants and GoM Representatives to Improve Advocacy and Enhance the Policy Dialogue Skills (Phase 2)	PPD	15,420	12,420	81 %	N/A	N/A	N/A	N/A	N/A	N/A	4,7
643	Establishing communication channel for ongoing communication between VC participants and GoM bodies	PPD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
912	Development of on-line information tool	PPD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PPD COMPONENT SUBTOTAL			15,420	12,420	81 %	N/A	N/A	N/A	N/A	N/A	N/A	4,7
628	Helping companies access finance by cost-sharing the services of IC FP pool of Financial Facilitators	AtF	59,840	18,500	31 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AtF COMPONENT SUBTOTAL			59,840	18,500	31 %	N/A	0	N/A	0	0	0	N/A
TOTAL END OF FY'12 TO DATE			658,541	285,966	43 %	23	94	19	809	127	6	4,7
ON HOLD OR DROPPED												
914	Strengthening of domestic market sales for PV VC	PV	Canceled due to high production season and lack of human resources by potential participants, higher than expected costs per company for participation and unavailability of the event management company to organize the event during October 2012									

I.11 OUTREACH AND COMMUNICATION

I.11.1 Activities Completed during the Quarter

During this quarter, the following activities were completed under the outreach and communication section:

- Developed and issued media advisory on Macedonian FF&V and PV Companies Exhibit at World Food 2012 in Moscow (published in 14 print and electronic media).
- Edited and distributed media advisory and press release on:
 - Promotion of 4 brochures on adoption of EU requirements for production of vegetable (published in 16 electronic media);
 - Conference and B2B with importers from Monte Negro in Strumica (published in 18 print and electronic media);
 - Promotion of Contract Farming brochure (published in 6 electronic media).
- Reviewed and cleared Macedonia Exports's media advisory on Sector Export Marketing Plans for FF&V and PF&V sectors, published exclusively in weekly magazine Kapital and FFRM's media advisory on Conference and B2B with importers from Bosnia and Hercegovina in Resen (published in 5 print and electronic media).
- Compiled press clippings of 92 AgBiz Program's media exposures released during the period July-September, 2012.
- Provided assistance on marking and branding compliance for the:
 - Epi Centar's Guide for Production of Certified Planting Material;
 - Key's invitation and power point presentations for the Conference on Hygienic Engineering and Design.
 - Macedonia Export's invitation for the SEMP workshops in Strumica.
- Developed success stories on Subsector Standing Groups for fresh and processed fruits and vegetables and Introduction of New Varieties and New Production Technologies.
- Presented AgBiz Outreach and Communication results at the AgBiz FY 2012 Qtr3 Success & Achievements Review Workshop in Ohrid.
- Selected and submitted compilation of AgBiz photos to Home Office for the 2013 Corporate Calendar and to USAID Macedonia for the "photo of the month" section.
- Coordinated regular update of the AgBiz web site.
- Provided monthly input on AgBiz activities for USAID's EG Office Events Calendar.

I.11.2 Activities Planned for the Next Quarter

- Provide monthly input on AgBiz activities for the USAID's EG Office Events Calendar.
- Prepare and issue media advisory on Hygienic Engineering and Design Conference.
- Identify and develop success stories that reflect AgBiz's work results and positive impact.
- Communicate all major and significant activities and events with USAID and general public.
- Monitor AgBiz's media exposures and compile press clipping report.
- Provide assistance to LFs on branding and marking compliance procedures.

2.0 FINANCIAL REPORT

The Fourth Quarter financial report is shown below. The report indicates that with the latest Modification #12 The Task Order was incrementally and fully funded by \$1,189,327, thereby increasing the total obligated amount from \$7,100,000 to \$8,289,327, which is estimated to cover expenditures through the end date of the Task Order which is June 18, 2013.

The Budget Report indicates that at the end of FY '12 the Program term is 89% complete, and about 85% of the budget has been expended. This leaves about 15% of the budget and the fully obligated funding to be spent in FY'13.

CONTRACT No. EDH-I-03-05-00006-00					
Macedonia AgBiz					
Quarterly Report					
CONTRACT EXPENDITURES through September 30, 2012					
Category	Contract Budget	Incurred as of 6/30/2012	Quarterly Costs 7/1/12 - 9/30/12	Total Costs Accrued as of 9/30/12	Remaining
Total All Other Costs	\$7,478,638	\$5,916,699	\$416,172	\$6,332,872	\$1,145,766
Grants	\$465,024	\$465,024	\$-	\$465,024	\$-
SUB TOTAL CONTRACT COSTS	\$7,943,662	\$6,381,723	\$416,172	\$6,797,896	\$1,145,766
FEE	\$345,664	\$245,521	\$18,728	\$264,249	\$81,415
TOTAL CONTRACT COSTS	\$8,289,326	\$6,627,245	\$434,900	\$7,062,145	\$1,227,181

3.0 REPORTS PRODUCED DURING THE QUARTER

3.1 EXTERNAL REPORTS

3.1.1 Outreach Releases

AgBiz's Press clippings July - September, 2012

Media Advisory - Macedonian FF&V and PV Companies Exhibit at World Food 2012 in Moscow

3.1.2 Success Stories

USAID's AgBiz Success Story - Subsector Standing Groups for Fresh and Processed Fruits and Vegetables

USAID's AgBiz Success Story - Introduction of New Varieties and New Production Technologies

3.1.3 Technical Materials

Resen/Prespa Apple Quality Management Report

Brochures from the Training Program for Farmers for Adoption of EU Requirements_MK

Brochure on Contract Farming_MK

Multi-annual Strategy for Improvement and Monitoring of Milk Quality_MK

Lack of Knowledge and Information at MBDP about the Specific Needs of PV VC Members for Working Capital

3.2 INTERNAL REPORTS

Activity Result Report "Preparation of VC Baseline Screening through Focus Group Discussions"

Activity Result Report "Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings"

Activity Result Report "Provision of Comprehensive Technical On-field Assistance for Modern Production Technology of Table Grapes"

Activity Result Report "Support to the Sustainable and Continuous Domestic Production of High Quality, Certified, Market demanded Table Grapes Planting Material"

Activity Result Report "Provision of Comprehensive Technical On-field Assistance for Modern Post-harvesting Apple Technology"

Activity Result Report "Support to the Process of Compliance of the Primary Production with the Requirement of the Buyers and the Market Demand"

Activity Result Report "Supporting Sustainable and Continuous Domestic Production of High Quality, Certified, Market demanded Apple Planting Material"

Activity Result Report "Improvement of Market Linkages: Visit to World Food Moscow 2012, Russia"

Activity Result Report "Engagement of International Technical Production Expert for Table Grapes Planting Material and Production Technology"

Activity Result Report "Technical Assistance in Implementation of GLOBAL G.A.P"

Activity Result Report "Technical Assistance in Implementation of IFS"

Activity Result Report "Training Program for Farmers for Adoption of EU Requirements"

Activity Result Report "New Product Development"

Activity Result Report "Introduction of New Varieties and New Vegetable Production Technologies"

Activity Result Report "Facilitation/Implementation of Contract Farming"

Activity Result Report "Participation of PV VC Members on International Fair World Food Moscow"

Activity Result Report "Joint Supplies of Packaging Material for Processing Industry"

Safe Use Action Plan (SUAP) Implementation Check List

4.0 SUMMARY OF RESULTS ACHIEVED IN FY'12

4.1 FY'12 PROGRAM RESULTS

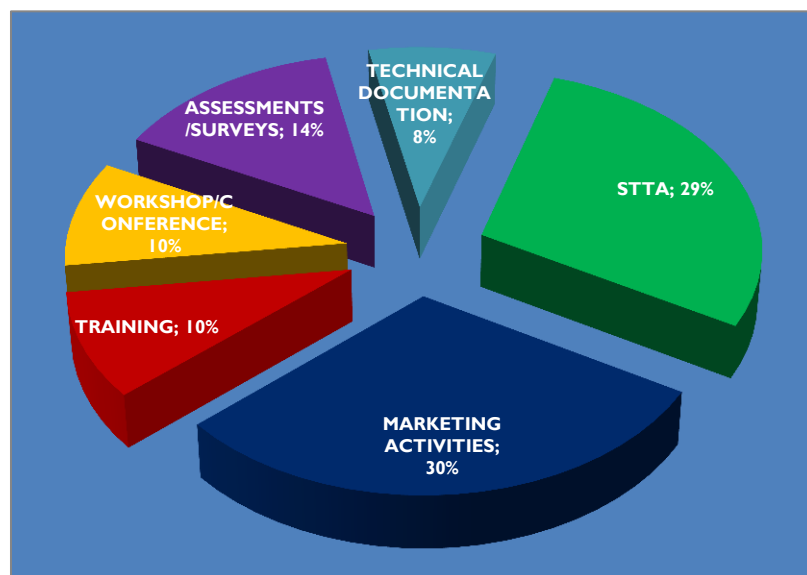
FY '12 results are presented below in two formats - an overview of Program results in a narrative form, and a listing of FY'12 Activities (Table 5) and Indicators (Table 6) in tabular form.

The following Table 4 shows the Total Cost for all AgBiz Activities and the Cost Share contributed by Lead Actors, other Customers and Third Party. During FY 2012 AgBiz spent \$732,144 on Activities, including the management fee for the LFs Subcontracts. By comparing the direct AgBiz expenses for activities \$543,704 and the contribution to the activities of the LAs, customers and third party in the amount of \$688,818, it can be concluded that the activities' costs share of AgBiz was 44% and lower than the cost shared by LAs, customers and third party, 56%. The higher percentage of non AgBiz cost share is a direct result of expanded activities impact, developed organizational capacity for resource mobilization and demonstrated stakeholders' degree of support of AgBiz activities.

TABLE 4. COST SHARE REPORT FY 2012					
I.R.s		Total spent per component FY'12	Management Fee	LAs, Customers and Third Party Cost share of Activities	LAs, Customers and Third Party Cost share % of Activities
Increased Domestic and export sales, Improved Competitiveness & Productivity of targeted VC participants resulting from activities of local partners PV VC	MCG	\$228,581	\$70,776	\$248,104	157%
Increased Domestic and export sales, Improved Competitiveness & Productivity of targeted VC participants resulting from activities of local partners FFV VC	EPI Centar	\$232,633	\$94,524	\$227,155	164%
Strengthened Public Private Dialogue; PIR & Organizational Capacity Enhancement	CeProSARD	\$41,598	\$9,840	\$14,575	46%
Increased access to finance in Agriculture Sector resulting from activities of local partners	Innovation Center	\$40,370	\$13,300	\$50,261	186%
Strengthened Strategic Planning and policy Making at MAFWE , Special Opportunities Fund	SOF	\$63,333		\$13,500	55%
Strengthened Public Private Dialogue; Prioritization, Identification & Analyses	PIRN	\$38,195		N/A	N/A
Increased Global market presence IM	Invest MK	\$84,565		\$135,223	100%
Export Promotion strategies developed for targeted VCs in cooperation with Invest in Macedonia and other Local partners	MK Export	\$2,869		\$-	0%
Total		\$732,144	\$188,440	\$688,818	105%
Total cost + CS					\$1,420,962
Management Fee					\$188,440
Direct Cost + CS – Management Fee					\$1,232,522
AgBiz					44%
LAs, Customers, Third Party					56%

4.1.1 Summary of Competitiveness Enhancement Activities

To improve productivity and enhance the competitiveness of the processed vegetables and fresh fruits and vegetables value chains in Macedonia, AgBiz jointly with the subcontracted LFs successfully implemented sixty-three (63) competitiveness enhancement activities during FY '12. All activities categorized by type of assistance are presented in the chart below.



Short-term Technical Assistance supplied directly by LFs and additional local BSPs or international consultants was provided to support the domestic production of high-quality certified planting material, introduction of new modern production technologies, as well as implementation of food safety and quality standards resulting in development of 27 new varieties and products. In addition, assistance was provided in establishing the platform for facilitating the communication between the VC participants and GoM bodies.

During FY'12 six trainings were delivered to equip key staff of the LFs with the knowledge, skills, and template documents needed to properly implement USAID subcontracts, as well as Environment compliance procedures, including selected Lead Actors. Farmers were introduced to important topics that will further build their competence to adopt essential EU requirements related to advanced productivity. In addition, VCs' participants were trained in use of new production, modern post-harvest and packaging techniques. In order to increase knowledge about the AgBiz selected value chains, jointly with IDEAS, training was also delivered to Invest Macedonia's trade and export promoters. VC participants and GoM representatives were provided with trainings to upgrade their skills related to how to improve advocacy and enhance the policy dialogue.

Marketing activities were designed to develop marketing skills and/or materials that improve the competitiveness of a firm or group of firms, including support for B2B meetings, promotional events and study tours and trade fairs focusing on marketing and technology transfer. These enhanced marketing approaches led to receiving orders of more than \$6.3 million. The interest in Macedonian fresh produce and processed vegetables products was expressed by 80 regional and international buyers. In addition, activities for creating better brand and/or company recognition and to more effectively plan and execute marketing and promotional activities were implemented by developing interactive web portals for AgBiz supported industries and access to international market data was obtained.

AgBiz customers were brought together to discuss opportunities or constraint to selected value chains at workshops and conferences. They have actively participated in the working process to develop SEMP's for both VCs that will enable a more coordinated approach to export promotion. In addition, favorable financing products were presented to both VCs participants and linkages assistance was provided in accessing financial resources.

For a more coordinated approach to capitalizing on opportunities and overcoming the challenges of competitiveness enhancement, seven assessments and surveys were carried out. In order to diminish constraints in the growth of the agriculture sector, assistance to MAFWE was provided through the development of key documents, strategies and plans. More specific details about the Activities implemented during FY'12 are provided in the following sections organized by component.

Table 5 below summarizes the Activities implemented in FY '12, disaggregated by type of assistance. It also presents results achieved, as well as Total Cost and AgBiz share (allocated by AD). The following sections describe in more detail the Activities, organized by component.

TABLE 5. ACTIVITIES IMPLEMENTED IN FY'12

MIS Code	ACTIVITY	VALUE CHAIN/ COMPONENT	ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in AgBiz supported Activities	# of New Technologies/ Management Practices Introduced	# Male Individuals who have Received Training	# Female Individuals who have Received Training	# of Capacity Building Service Providers receiving Assistance	Average Evaluation Score
			TOTAL	AGBIZ	AgBiz Percentage							
ACTIVITIES SUPPORTED BY STTA												
150	Technical on-field Assistance for Modern Production Technology of Table Grapes	FF&V	14,280	8,280	58 %	3	4	2	120	40	2	N/A
149	Introduction of New Varieties and New Vegetable Production Technologies	PV	27,000	19,000	70 %	8	9	3	180	114	4	N/A
156	Engagement of International Technical Production Expert for Table Grapes Planting Material and Production Technology	FF&V	11,789	5,453	46 %	N/A	6	1	20	5	0	N/A
625	Support to the sustainable and continuous domestic production of high quality, certified, market demanded table grapes planting material	FF&V	14,100	7,100	50 %	2	3	3	129	46	4	N/A
626	Supporting sustainable and continuous domestic production of high quality, certified, market demanded apple planting material	FF&V	13,625	6,625	49 %	4	4	4	169	55	1	N/A
627	Support to the process of compliance of the primary production with the requirement of the buyers and the market demand	FF&V	24,200	9,200	38 %	1	5	2	148	52	1	N/A
632	Provision of comprehensive technical on-field assistance for modern post-harvesting apple technology	FF&V	18,478	10,997	60 %	N/A	2	1	20	0	1	N/A
624	Facilitation/implementation of contract farming	PV	99,364	49,364	50 %	N/A	8	1	454	40	1	4,8
633	New Product Development	PV	30,000	6,000	20 %	7	4	1	11	5	2	5,0
634	Technical assistance in implementation of GlobalGAP	PV	10,000	5,000	50 %	N/A	2	1	47	7	2	4,8
635	Technical assistance in implementation of IFS standard	PV	20,400	8,000	39 %	N/A	4	2	18	15	1	4,9
637	Technical and financial support to the GoM on strengthening the institutional capacity for policy making in the agricultural sector	PIRN	14,013	12,713	91 %	N/A	N/A	N/A	1	N/A	N/A	N/A
619	Inclusion of Relevant GoM Bodies and other Non-government Organizations related to FF&V and PV VCs Policy and Advocacy Issues	PPD	2,132	1,220	57 %	N/A	0	N/A	N/A	N/A	N/A	N/A
643	Establishing communication channel for ongoing communication between VC participants and GoM bodies	PPD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
912	Development of on-line information tool	PPD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
641	Joint supplies of packaging material for processing industry	PV	9,944	2,944	30%	2	5	2	6	5	1	5,0
623	Upgrade of the Financial Platform of Access to Finance Methodology	AtF	21,500	0	0 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
628	Helping companies access finance by cost-sharing the services of IC FP pool of Financial Facilitators	AtF	59,840	18,500	31 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
STTA SUBTOTAL			390,665	170,396	44 %	27	51	23	1,323	384	20	4,9
TRAINING												
147	Training in Post Harvest Technology and Transfer	FF&V	29,433	8,795	30 %	N/A	7	3	125	45	N/A	4,4
153	Training program for farmers for adoption of EU requirements	PV	34,936	26,936	77 %	N/A	7	3	343	49	5	N/A
157	Training for Export Promoters	IM	N/A	N/A	N/A	N/A	N/A	1	24	5	1	N/A
139	AgBiz Capacity Building Workshop for Lead Facilitators	PIRN	N/A	N/A	N/A	N/A	6	1	5	13	4	N/A
152	USAID AgBiz Environmental Compliance Training	PIRN	2,365	1,615	68%	N/A	15	1	14	11	3	N/A
151	Training Delivery for VC Participants and GoM Representatives to Improve Advocacy and Enhance the Policy Dialogue Skills Organization of the first training sessions	PPD	15,420	12,420	81 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TRAINING SUBTOTAL			82,154	49,766	61 %	N/A	35	9	511	123	13	4,4
MARKETING ACTIVITIES (STUDY TOUR/B2B/PROMOTION/TRADE FAIR)												

TABLE 5. ACTIVITIES IMPLEMENTED IN FY'12

MIS Code	ACTIVITY	VALUE CHAIN COMPONENT	ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in AgBiz	# of New Technologies/ Management Practices	# Male Individuals who have Received Training	# Female Individuals who have Received Training	# of Capacity Building Service Providers	Average Evaluation Score
243	Organization of Networking Event with Non-traditional Export Markets through Conference and B2B Meetings	FF&V	45,005	34,355	76 %	N/A	22	N/A	112	19	5	N/A
247	Fresh Fruits and Vegetables VC Participants visit the International Agricultural Fair 2012 in Novi Sad, Serbia	FF&V	15,360	4,960	32 %	N/A	2	4	55	10	1	N/A
253	Modern Production Technologies for Planting Material, Table Grapes and Apples in Italy	FF&V	35,867	21,360	60 %	N/A	8	7	13	2	2	4,8
325	Fruit Logistica 2012	FF&V	26,800	7,090	26 %	N/A	7	3	66	14	1	4,5
326	FF&V VC Participants at World Food Moscow 2012 Trade Fair	FF&V	62,953	7,921	13 %	N/A	6	0	9	1	1	4,5
242	Buying Mission of German Importers in Macedonia	PV	11,746	3,621	31 %	N/A	6	2	20	1	N/A	4,8
245	Visit to International Agri-food Fair Agrotica in Thessaloniki	PV	6,615	4,700	71%	N/A	9	7	166	35	6	4,5
246	Processed Vegetables Value Chain Representatives Study Tour and B2B in Australia	PV	40,417	15,248	38%	N/A	5	2	5	N/A	N/A	5,0
251	Processed Vegetables VC Participants Visit the International Agri-food Fair and Institute in Novi Sad, Serbia	PV	10,017	7,000	70 %	N/A	5	6	43	9	4	4,8
324	Visit to Anuga 2011 and Contacts with Export Buyers	PV	16,259	4,896	30 %	N/A	8	3	6	2	N/A	5,0
327	Participation of PV VC members on International Fair World Food Moscow	PV	63,425	10,001	16 %	N/A	6	2	23	10	0	4,8
244	Study Tour and B2B Meetings for Macedonian traders-exporters of Fresh Produce and Processed Vegetables to Poland	IM	38,779	9,582	25 %	N/A	14	4	14	2	6	5,0
249	Study Tour for Transfer of International Best Practices in Export Promotion	IM	22,530	5,480	24 %	N/A	N/A	1	3	4	N/A	N/A
250	Supporting the Invest Macedonia Agency to organize a Study Tour and Promotion of Macedonian Wines in the US, June, 2012	IM	144,785	39,846	28 %	N/A	9	1	10	5	N/A	N/A
252	Participation at First Forum of Traders and Producers from CEE Wholesale Markets in Bronisze, Poland	IM	2,883	1,401	49 %	N/A	2	2	4	0	N/A	4,8
621	Development of Interactive Web Portal for PV VC	PV	2,000	1,000	50 %	N/A	49	2	36	13	4	N/A
904	Acquiring and Dissemination of International Market Data	PV	16,000	8,000	50 %	N/A	46	N/A	37	16	4	N/A
906	Contribute to the Development of the IT System of Invest Macedonia	IM	48,500	7,000	14 %	N/A	N/A	N/A	N/A	N/A	4	N/A
910	Acquiring and Dissemination of Euromonitor International Market Data	IM	39,000	15,000	38 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
STUDY TOUR/B2B/PROMOTION/TRADE FAIR SUBTOTAL			648,941	208,461	32 %	N/A	109	46	622	143	38	4,8
WORKSHOP/CONFERENCE												
903	Preparation of VC Baseline Screening through Focus Group Discussions	FF&V	32,250	16,110	50 %	N/A	44	1	193	44	4	N/A
158	Invest Macedonia Export Promotion Planning Conference	IM	N/A	N/A	N/A	N/A	14	N/A	9	14	4	N/A
160	Internal Analyses for the Process of SEMP's Development	SEMP	16,468	9,656	59 %	N/A	N/A	1	37	17	0	N/A
639	Kick off meeting to initiate the development of Sector Export Marketing Plans for FF&V and PV VCs	SEMP	5,850	2,640	45 %	N/A	8	N/A	26	20	4	N/A
148	Matchmaking Events for Fresh Fruit and Vegetable and Processed Vegetable Value Chains	AtF	12,300	3,400	28 %	N/A	16	N/A	104	33	3	N/A
155	Innovation in Agriculture and how to access the newly established USAID's Innovation Financing Vehicle	AtF	N/A	N/A	N/A	N/A	14	N/A	13	7	5	N/A
WORKSHOP/CONFERENCE SUBTOTAL			66,868	31,806	48 %	N/A	96	2	382	135	20	N/A
ASSESSMENTS/SURVEYS												
907	Survey of raw material supply, employment and sales performance of PV VC for 2011	PV	5,500	2,500	45 %	N/A	44	N/A	34	17	3	N/A

TABLE 5. ACTIVITIES IMPLEMENTED IN FY'12

MIS Code	ACTIVITY	VALUE CHAIN COMPONENT	ACTIVITY COST (US\$)			# of New Varieties/ Products Developed	# of Private Sector Firms participating in APDs	# of New Technologies/ Management Practices	# Male Individuals who have Received Training	# Female Individuals who have Received Training	# of Capacity Building Service Providers	Average Evaluation Score
901	Annual Agriculture Report for 2010	SOF	7,200	6,000	83 %	N/A	0	N/A	N/A	N/A	N/A	N/A
908	Preparation of Impact Assessment Study on the Effects from the National Subsidies Program within the period from 2005 to 2011	PIRN	6,100	4,800	79 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
909	Assessment of the potential products and entities applying for PDO or PGI registration for specific Macedonian agriculture products	PIRN	5,000	1,000	20 %	N/A	N/A	N/A	N/A	N/A	1	N/A
618	Identification of the Relevant VC Participants for Advocacy and Private Public Dialogue	PPD	4,212	1,980	47 %	N/A	0	N/A	N/A	N/A	N/A	N/A
622	Tailor made Training curricula for VCs' Representatives and Representatives from GoM Bodies	PPD	2,530	1,350	53 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
902	Needs Assessment and Developing Tailored Training Programs created for VC Participants using Participatory Approach	PPD	5,172	2,940	57 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
905	Educational Brochure on Innovative Financial Products Available in Macedonia	AtF	6,000	6,000	100 %	N/A	N/A	N/A	60	20	N/A	N/A
915	Survey on the Specific Needs of PV VC Members for Working Capital	PIRN	5,000	4,000	80 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ASSESSMENTS/SURVEYS SUBTOTAL			46,714	30,570	65 %	N/A	144	N/A	94	37	4	N/A
STRATEGIC DOCUMENTS												
629	Modification of the National Agriculture and Rural Development Strategy (NARDS)	SOF	13,800	11,500	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
630	Preparation of a Multi-annual Strategy for Improvement and Monitoring of Milk Quality	SOF	24,000	20,000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
636	Support in Preparation of Secondary Legislation based on Recently Adopted Laws related to Agriculture Sector	SOF	18,000	15,000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
640	Analytical and technical support and recommendations to MAFWE for drafting the National Program for Agriculture and Rural Development 2013-2015	SOF	23,000	19,000	83 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
638	Operating Manual and Working Procedures for Sub-sector Standing Groups	PIRN	6,000	4,000	67 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
STRATEGIC DOCUMENTS SUBTOTAL			84,800	69,500	82 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL END OF FY'12 TO DATE			1,320,142	560,499	42 %	27	435	80	2,932	822	95	4,7

4.1.2 Increased Productivity, Competitiveness and Sales for Fresh Fruits and Vegetables

In the course of FY'12 AgBiz through EPI Centar as a Lead Facilitator of this component, worked on provision of technical assistance at all levels and with players within the FF&VVC to improve the planting material, production technology, and standardization and market linkages aimed at supporting VC participants to improve productivity and enhance competitiveness.

Modern production and post-harvesting technology continues to be the main challenge of the Macedonian FF&V producers. Several activities were implemented to address this challenge. Through organized FG discussions, more than 230 farmers participated at presentations of improved production techniques. In addition to this, EPI Centar, supported by related STTAs, prepared 4 technical guidelines and 36 technical articles that were distributed to farmers using the FFRM network. A study trip organized to Italy and the visit of a technical international expert for table grapes helped LAs to familiarize with latest production practices for table grapes and apples. The results of the study tour and TA were also disseminated through the FFRM network. Another international expert was brought to evaluate the current growing practices and presented newest methods for long term warehousing of apples using Smartfresh technology. With support from the local expert, two LAs, Sonce from village Murtino and Badzo from Bogdanci, both producers and exporters of fresh vegetables, improved their current practice of growing peppers in plastic tunnels through the use of more effective protection, fertilization and adequate irrigation of pepper plants. In parallel with the technical assistance, buyers/traders and primary producers were trained on contract farming models and benefits of having written contract for buyout of fresh produce.

In coordination with FFRM, 65 supply chain farmers participated at the International Agricultural Fair 2012 in Novi Sad and enhanced their understanding regarding trends in production techniques and technologies, latest requirements of product characteristic, post-harvest handling of fresh produce including storing, grading, packing and shipping. Participants' identified new buyers for retailers, wholesalers, aggregators and/or logistics agents.

Through direct technical assistance from local and international experts and a series of on-site interventions, LAs were assisted in improving production of planting material practices. Technical guidelines were prepared and published through FFRM network for raising awareness on the importance of using quality seedling material.

As part of the efforts to expand current and enter new export markets, three potential non-traditional markets were selected as target markets: Bosnia and Herzegovina for apples, Montenegro for peppers and Slovakia for table grapes. Organized conferences and B2B meetings with 10 potential buyers from Bosnia and Herzegovina and Montenegro stimulated orders of more than 1.242t of produce from Macedonia. These positive results are expected to further increase since all participants presented significant interest to continue the cooperation with Macedonia. Participation of 14 FF&V Companies at Fruit Logistica 2012 in Berlin and World Food Moscow resulted in almost US\$2.9 million in orders or pre-contracts and stimulated creation of many new partnerships. This will contribute towards better recognition of "Macedonian FF&Vs" that should contribute to easier access to other markets.

All FF&V VC upgrading activities were implemented in partnership with the FFRM. This partnership contributed towards building the capacity of FFRM as the only organization representing the interest of small farmers at a national level.

4.1.3 Increased Productivity, Competitiveness and Sales for Processed Vegetables

During FY'12 AgBiz through MCG as PVVC LF implemented sixteen value chain development activities achieving considerable results towards strengthening the value chain at all levels, improved the overall competitiveness of VC and further secure and improve income generation of the primary producers.

Visit to Anuga 2011 Trade Fair, a buying mission of German importers in Macedonia, Study tour and B2Bs in Australia and exhibiting at World Food Moscow 2012 directly enabled companies to get in direct contact with potential importers and distributors, to analyze the competition and learn about the latest market trends, product packaging, labeling, effective promotional activities and specific consumers preferences. These activities resulted in receiving new export orders and signing export deals for expanding current relationships and entering on new export markets.

Acquiring and dissemination of Euromonitor international market, a survey of raw material supply, employment and sales performance of PV VC for 2011 and development of an interactive web portal for PV VC supported the process of strengthening capacity building of MAP and development of new services by the association to members and non-members. These activities also increased knowledge of PV VC actors to more effectively plan and execute marketing and promotional activities.

Through visiting the International Agri-food fair Agrotica in Thessaloniki and the International Agricultural Fair and the Institute of Field and Vegetable Crops in Novi Sad, participating farmers, NEA, FFRM and participants from BSPs that offer agricultural services learned about and many of them adopted certain agri-techniques, specific mechanization for improving productivity and upgrading standardization of products. Facilitation and implementation of contract farming, introduction of new varieties and new vegetable production technologies and implementation of GLOBALG.A.P. noticeably addressed distrust between producers and processors, improved information flow, joint cooperation and provision of technical assistance and productivity of farming. Processors secured buyout of raw materials with higher quality and consistency that resulted in higher income for farmers. New product development and Implementation of IFS helped PV VC members to increase their product range, improve food safety and food quality practices and attract additional customers for their existing and new products. A training program for farmers on adoption of EU requirements increased the knowledge of vegetable producers about upgraded production practices for implementation of the latest community standards.

Overall, all these activities positively affected LAs and their farmers by encouraging stronger supply chain integration, upgrading the quality and consistency of raw materials and food safety including the traceability aspect of production/processing and allowed PV companies to better compete regionally and globally.

4.1.4 Support for Invest Macedonia

Although with some delay due to internal restructuring of the agency, during FY 12 AgBiz in close cooperation with IDEAS, implemented a considerable set of export promotional activities. A study tour and B2B in Poland for FF&V and PV exporters and a follow up participation at the First Forum of traders and producers from South-East Europe (SEE) Wholesale Markets as well as Wine road show presentations in Washington DC, Chicago and New York City enabled Invest Macedonia staff and Export promoters in Poland and in the US to better understand the whole process of organizing successful presentations and B2Bs including recognizing the needs of the companies, identifying potential adequate buyers/importers, coordinating complex logistics, developing and facilitating promotional events and B2Bs and do a proper follow up.

As a support to Invest Macedonia E-Portal, AgBiz developed directory with Agribusiness companies from FF&V, PF&V, Wine, Meat and Dairy to be uploaded and used as a benchmark for other sectors. The program helped IM to obtain and successfully utilize Euromonitor's International Market Data. All these activities considerably supported Invest Macedonia to build its export promotion capacity.

The planned support to Invest Macedonia for FY'13 will continue to be focused on building Invest Macedonia Export Promotion capacity, institutional development, and the creation of model through introduction of two export promotion functions by Invest Macedonia i.e. business development and market information functions.

4.1.5 Strategic Planning and Policy Making at MAFWE and Special Opportunities Fund

Each specific activity from the Special Opportunity Fund had its own consecutive and interdependent order to finally develop Strategic documents on a multi annual level. The analytical support to MAFWE to prepare the Annual Agricultural Report which serves as a reference data material was a complementary activity to Modification of the current National Strategy for Agriculture and Rural Development and the related Secondary Legislations also supported by AgBiz. The wide ranging information and data collected through those activities and through the activity for Preparation of the Strategy for monitoring and improvement of Milk quality for 2014-2020 were essential to initiate the Development of Multi Annual National Program for Agriculture and Rural Development consisting of all projected measures for direct and indirect subsidies such as coupled payments (per quantity produced), decoupled (per head or area) and the financial support for farmers through the specialized Program for Rural Development. This document, as one of the main frame documents for Agricultural development in the next three years to come, was reviewed by the GoM, private stakeholders' organizations such as FFRM and Association of Farmers and by the Parliament Agricultural Committee. It was suggested that the timeframe of the document is extended to five years.

In the upcoming period AgBiz through the SOF component will support activities for capacity building of GoM, MAFWE and Parliament, focusing on processes of negotiation with EU and additional support for the further development of the National Agricultural and Rural Development Strategy 2014-2020.

The issues that are faced during the implementation of these activities are linked with the low level of coordination between the MAFWE and other GoM institutions. All of the AgBiz activities including the SOF activities are designed to be implemented in coordination with all of the relevant stakeholders (institutions) that contribute to their frequent communication and thus enhanced coordination while the documents are under preparation.

4.1.6 Policy and Institutional Reform Needs Identification, Prioritization and Analyses

In FY '12, the PIRN component contributed to improvement of several policy and institutional issues that obstruct the competitiveness of the private sector. The analysis and the recommendations for improvement of the direct subsidies developed by a consultant engaged by AgBiz was exploited by MAFWE as a basis for their work on the multi annual National Program for Agriculture and Rural Development. The survey for the working capital needs of the PV VC representatives helped the MBDP gain knowledge of the processing industry, particularly the seasonal fluctuation of cash-flow and work on developing new financial products for exporters such as inventory of finished goods, receivables, second mortgage on the real estate or a combination of possible alternatives.

The participation of the representative from the GoM to the specialized WB training in Washington DC contributed directly to building the capacity of the cabinet of the Vice Prime Minister to develop strategic documents and policies for Macedonian agriculture such as programs for public expenditure in the agriculture sector and policy-making for reduction of agricultural land fragmentation.

Moreover, other PIRN activities such as the development of an Operational Manual of rules and procedures for the work of the Subsector Groups and Assessment and selection of products and entities for the first PDO/PGI registration, have facilitated the MAFWE and AgBiz to continue the joint work on the PPD component and developing PDO & PGI guidelines for the three selected products according to harmonized procedures with EU.

In the future, where there are established Sub-Sector Groups the PIRN issues will be identified and prioritized through the SSGs in a more comprehensive manner.

4.1.7 Public Private Dialogue and Organizational Capacity Advocacy Enhancement

This component's objective is to provide conditions for establishing a PPD by strengthening the capacities of VC participants and representatives of GoM institutions, launching a system for regular communication and exchange of information related to the fruit and vegetable sub-sectors.

At the beginning of the project all relevant stakeholders were identified and meetings were organized with all of them. In order to assess the level of cooperation among representatives from FF&V and PV VCs and GoM representatives, structured interviews were performed. As a result of the interviews, a baseline study for (at the time) the current level of cooperation between VC organizations and employees from GoM institutions active in the production of fresh and processed fruits and vegetables was developed.

At the very beginning of the Program, in regular communication with MAFWE, it was jointly concluded that the component should support the creation and functioning of Fruit and Vegetable sub-sector standing groups which, according to the Law on Agriculture, have a role to play as a platform for addressing various policy and institutional reform needs. During implementation of the project activities, PIRNs have been identified: Lack of Working Procedures and Operating Manual for F&V SSGs. The project team developed Working Procedures and an Operating Manual that were officially adopted on the first meetings of the F&V SSGs and serve as a tool and a solid foundation for establishing sustainable cooperation within the fruit and vegetable subsectors. In addition, the project supported and facilitated the Strategic Planning Process for both subsector standing groups and, as a result, a Mission, Vision, Strategic Goals and Operational Program have been developed and submitted to MAFWE.

Furthermore, to assess capacity building needs for both target groups, questionnaires for a Training Needs Assessment were developed and interviews with 18 representatives were conducted. As a result of the analysis of the training needs assessments, tailor-made training curricula were prepared. In line with the proposed curricula, training sessions were organized covering the following topics: Training in Strategic planning; Training in Advocacy and Lobbying through building multi-stakeholder partnership and cooperation; Improvement of the policy creation and implementation process through participative and inclusive approaches; Training in Communication and Negotiation Skills, Training in Presentation skills and Conflict resolution, and Training in Management and Leadership. These trainings were organized with the participation of representatives from both target groups. In addition, Training in Donor relations and the use of effective mechanisms was organized for the VC organizations. For representatives of the Sub-sector Standing Groups for fruit and vegetables, three working meetings were organized in order to review and finalize their operational program for 2013, as a legal obligation according to the Law on Agriculture and Rural Development.

In order to support creation of effective PPD in the FF&V and PV subsectors, an on-line information tool has been designed and published on the CeProSARD web site. All national support programs, laws, bylaws, regulations, strategic documents in the fruit and vegetable subsectors have been published on the web page and will be available for all VC participants. In addition, the information tool contains information on prices of fruits and vegetables, available credit lines and specific information related to accession of IPARD funds and other news and events related to the fruit and vegetable topics.

4.1.8 Development of VC Export Strategies and Plans for the FF&V and PV VCs

The process for developing Sector Export Marketing Plans for both VCs enabled a more coordinated approach to export promotion and enhanced the capacity of Invest Macedonia to facilitate and gradually take over the managing of Export promotion support. A joint approach and cooperation between relevant stakeholders is necessary for reaching a higher level of consensus and successful accomplishment of this task.

During the third quarter of FY'12 AgBiz issued new RfPs and solicited proposals for Lead Facilitator to work with CBI experts and IM, liaise with other stakeholders including MAFWE, Ministry of Economy (MoE), Chambers of Commerce etc. and coordinate all logistics for working sessions to develop Sector Export Marketing Plans (SEMPs) for the PV VC and for FF&V VCs. Macedonia Export Company was subcontracted as Lead Facilitator for this task.

In parallel with the process of selection of the LF, AgBiz and CBI coordinated a two-day Kick-off meeting and introduced the SEMP concept to MAFWE, MoE, Chambers of Commerce and other related institutions. High officials from the GoM, USAID, the Dutch Embassy and the European Commission endorsed and gave momentum to the overall process and its successful start. During the second day both Programs outlined the steps needed to develop SEMPs with a wider group of FF&V and PF&V VC participants and other stakeholders.

After the Kick-off Meeting, Macedonia Export as Lead Facilitator coordinated a series of follow up meetings with the most relevant representatives from both FF&V and PF&V value chains and with governmental and public institutions. This activity resulted in clear commitment and nominated representatives from both VC participants as well as relevant GoM institutions to be included in the SEMPs writing teams, established an outline for the SEMP document and identified information and documents needed for the preparation phase of the next working session.

The actual work was initiated with a workshop on Internal Analysis for FF&V and PF&V value chains. Macedonia Export in close coordination with CBI International and local expert facilitated the workshop on which representatives from value chains and from the GoM institutions, bilateral Donors, NGO, and the Business Sector provided significant input. During the workshop, writing teams were established and follow up steps agreed upon. In the period after the workshop, LF will coordinated with writing teams on finalizing the Internal Analysis part of SEMPs and work on the preparation for the next workshop on External Analysis.

This process encourages all respective stakeholders to provide serious input into development of the Export Marketing Plans for both value chains that will secure inclusion of their vision, realistic analysis of the competitive advantages and projections. This is particularly important for further successful implementation of activities that will be derived from the Marketing Plans.

4.1.9 Enhanced Access to Finance

The AtF component's core objective is to ease access finance for companies and farmers from both FF&V and PV VCs. Finance is a critical element for development and growth for any company. Export-oriented companies often require finance for upgraded machinery, new facilities, product development and of course, working capital.

The AtF LF undertook two core activities in order to meet its core objective. It engaged 10 experienced consultants (Financial Facilitators), to work closely with the companies and the farmers, mapping their investment plans and tailoring best fitting solutions. On the other hand, IC published a detailed brochure of 15 financial products, available for both VCs on the market. In addition, the brochure contained the names and contact details of the FFs as well.

Most importantly, the IC organized two matchmaking and three educational events where companies and farmers representatives had the chance to educate themselves on the finance matter and make in-person introductions to FI reps and FFs.

These activities also helped resolve poor flow of information regarding financing options by sharing the contact details of bank representatives and web sites, so that the companies and farmers know where to turn to whenever they have a concern or need for the right information.

FIs had a chance to learn more about the needs of both VCs, they received information on how to improve their products and services, and eventually create new once. FFs created new client databases in this sector, and as a result of the satisfactory cooperation within the projects, the companies will continue using the services of the consultants after the life of AgBiz.

4.1.10 Outreach and Communication

In FY'12 Outreach component remained focused on effective communication of AgBiz work, results, impact and ideas primarily with USAID and supported value chain stakeholders and with the general public.

- The broader public awareness of AgBiz achievements and impact as a USAID funded project was effectively reached by 227 media exposures in FY'12;
- All relevant print and electronic media in Macedonia published AgBiz work related articles. The table below shows leading AgBiz stories that attracted the greatest media attention and Macedonian media that most frequently released AgBiz work related stories:

Leading stories by number of media exposures		Top media by number of releases	
Study and promotional tour of Macedonian Wineries in USA	23	MTV - Macedonian National Television	16
Fruit Logistica 2012 – Berlin, Germany	18	MIA – Macedonian Information Agency	14
Conference and B2B with importers from Monte Negro	18	Time	14
Promotion of four brochures on EU requirements	16	Daily	14
Australia study tour and B2B	14	Bukvar	12
Exhibit at World Food 2012 – Moscow, Russia	14	Sitel	11

- The positive profile of the AgBiz Program, USAID and selected value chains was raised by developing 8 success stories in FY'12;
- Effective communication of AgBiz work and achievements with the USAID mission in Macedonia resulted in publication of 6 AgBiz related releases on the USAID Macedonia web site and 9 on USAID Macedonia Face Book profile;
- All AgBiz events (conferences, trainings, workshops and meetings) and publications (studies, presentations, brochures, training and promotional materials) were visibly marked with the appropriate USAID logo in compliance with the USAID branding and marking procedures.

4.1.11 Most Significant FY '12 Accomplishments

- Increased vertical cooperation and trust building between VC LAs and their ISC farmers.
- Enhanced cooperation linkages through utilization and promotion of contract farming models.
- Increased and disseminated knowledge of primary producers and FF&V and PV VC members in regards to new production technologies, post harvesting practices and new table grapes, apples and pepper varieties.
- Acquired new knowledge by the farming community and processing industry members related to Agri Environment measures and Good Agricultural Practice (GAP); marketing standards for vegetables; IPARD modifications and; farmers' organizational forms (Cooperatives, Producer Groups and Producers Organizations).
- Increased competitiveness of the PV VC as a result of export promotion activities and access to international market data.
- Enhanced cooperation with FFRM; NEA; Invest Macedonia and MAP.
- Supported PV VCLAs in developing new products and developing a model for joint supply of production inputs.
- Subsector Standing Groups for Fruit and Vegetables officially established with MAFWE Minister Decision and technical support by the project Team. Their Mission, Vision, Strategic Plan and Operational Program were developed with project assistance and facilitation. In addition, Working Procedures and Manual for Operations have been developed by the CeProSARD Project Team.

With implementation of these activities the process of creation of official structure for PPD in F&V subsector has been performed in a sustainable manner. The same approach and documents were used for other Subsector Standing groups in MAFWE. By supporting operation of F&V SSGs, favorable preconditions for business communication and PPD have been created.

- More than 250 representatives from both target groups have increased their skill and capacities as participants in the PPD due to attendance and active participation at tailor made trainings.
- Consultants trained to work with the FF&V and the PV sector in the Agricultural industry, helping them better run their finance and teaching them to ask assistance when needed (thus offering their services).
- Companies benefiting on the long-term for financial decisions made together with a skilled consultant and benefiting from using his/her services further on in the business.
- Farmers being more engaged in the supply chain, by accepting outside assistance and applying for finance in order to nurture a better product.
- Increased financial literacy and contacts made for companies and farmers.
- Financial institutions working closer with their clients by better learning their needs and gathering information on better product development.
- Institutions and organizations that operate in this industry are better integrated for the benefit of all stakeholders.
- Strategy for monitoring and improvement of Milk quality for 2014-2020. This strategy represents a milestone in the stagnating dairy sector in the last decade. The realization of the projected improvements depends on the implementation of the supporting measures, foreign and domestic investments in the dairy sector and overall trade relations with the Balkan countries for the stated period.
- Multi Annual National Program for Agriculture and Rural Development 2013-2015. This program is a turning point of gradual shift in the focus from direct subsidies towards measures under the rural development program for enhancing productivity and competitiveness.
- Creation of an Operational Manual for Sub-Sector Groups: The rules and procedures featured in the manual will facilitate more productive dialogue between the public and private representatives and result in a more organized and regular practice with written responsibilities for addressing the issues connected to hindered competitiveness of the agricultural industry.
- In FY'12 AgBiz has contributed \$543,704 to Activities and private sector participants have contributed over \$5.1 million (by cost sharing the Activities, LAs investing in equipment, technology research, product development, and MSMEs and farmers own investment for accessing to finance) for an excellent USAID/AgBiz resources leveraging of 1:10.

4.2 PERFORMANCE INDICATORS SUMMARY

During the first year of the Two-Year Cost Extension, AgBiz through its subcontracted Lead Facilitators successfully implemented a comprehensive activity package aimed to increase productivity and sales (domestic and exports), strengthen advocacy capacity, improve the business environment, and enhance access to finance for ultimate increase of income for all participants in the processed vegetables and fresh fruits and vegetables value chains.

Table 6 below lists the set of output and result oriented performance indicators. Both projected and actual results achieved in 2011 that are reported on Calendar Year basis are presented in the first two columns. Indicators that are reported on Fiscal Quarterly basis FY'12 targets and FY'12 actual results as well as performance achieved are presented in the following columns.

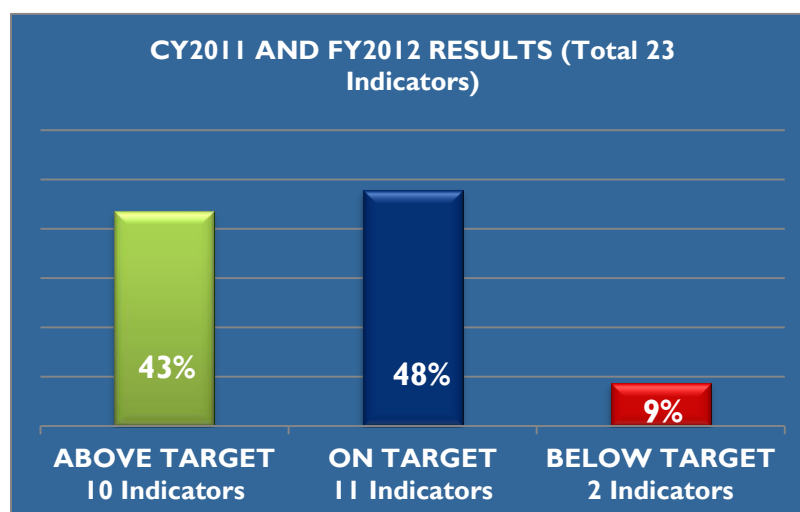
TABLE 6. CY'11 AND FY'12 ACHIEVEMENTS TO DATE

PERFORMANCE INDICATORS REPORTED ON CY BASIS							PERFORMANCE INDICATORS REPORTED ON FY BASIS	
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) TARGETS	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	FY'12 (Oct 1, 2011-Sept 30, 2012) TARGETS	FY'12 (Oct 1, 2011-Sept 30, 2012) ACTUAL RESULTS	PERFORMANCE (in %)		
Overall Objective: Increased incomes for all types of participants in selected agricultural value chains								
Indicator Number	Indicator Title							
Indicator 1.	Value of incremental sales (collected at farm- level) attributed to USG assistance (in USD)	\$1,160,518	\$1,221,754	N/A	N/A	105%		
Indicator 2.	Percent change in value of total sales of targeted agricultural commodities	7%	7%	N/A	N/A	100%		
IR 1.1	Increased domestic and export sales resulting from the activities of local partners							
Indicator 1.1.1	Value of sales of targeted agricultural commodities as a result of USG assistance (in USD)	\$35,643,217	\$35,688,747	N/A	N/A	100%		
Indicator 1.1.2	Volume of sales of targeted agricultural commodities as a result of USG assistance (in MT)	39,717	39,413	N/A	N/A	99%		
Output Level Indicators								
Indicator 1.1.1.1	Number of new varieties and products from the supported VCs developed	N/A	N/A	16	27	169%		
Indicator 1.1.1.2	Number of new exporters and new participants in the supported value chains	206	276	N/A	N/A	134%		
Indicator 1.1.1.3	Number of export capacity enhancement activities for Invest Macedonia	N/A	N/A	10	8	80%		
IR 1.2	Improved competitiveness and productivity of targeted value chain participants resulting from the activities of local partners							
Indicator 1.2.1	Number of private sector firms that have improved management practices as a result of USG assistance	N/A	N/A	1,293	1,568	121%		
Indicator 1.2.2	Number of new technologies or management practices introduced	N/A	N/A	41	80	195%		
Output Level Indicators								
Indicator 1.2.1.1	Number of formal delivery contracts made by supported VC participants	249	433	N/A	N/A	174%		
Indicator 1.2.1.2	Total number of individuals who have received USG supported short-term agricultural training	N/A	N/A	3,258	3,754	115%		
Indicator 1.2.1.2 a	Number of male individuals who have received USG supported short-term agricultural training	N/A	N/A	2,445	2,932	120%		
Indicator 1.2.1.2 b	Number of female individuals who have received USG supported short-term agricultural training	N/A	N/A	813	822	101%		
Indicator 1.2.1.3	Number of capacity-building service providers receiving USG assistance	N/A	N/A	55	95	173%		
IR 1.3	Strengthened strategic planning and policy making of GoM and private sector partners							
Indicator 1.3.1	Number of policy reforms / regulations / administrative procedures drafted and presented for public / stakeholder	N/A	N/A	4	4	100%		

TABLE 6. CY'11 AND FY'12 ACHIEVEMENTS TO DATE

PERFORMANCE INDICATORS REPORTED ON CY BASIS						
PERFORMANCE INDICATORS REPORTED ON FY BASIS						
	Performance Indicator	CY'11 (Jan 1-Dec 31, 2011) TARGETS	CY'11 (Jan 1-Dec 31, 2011) ACTUAL RESULTS	FY'12 (Oct 1, 2011-Sept 30, 2012) TARGETS	FY'12 (Oct 1, 2011-Sept 30, 2012) ACTUAL RESULTS	PERFORMANCE (in %)
	consultation as a result of USG assistance					
Output Level Indicators						
Indicator 1.3.1.1	Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed	N/A	N/A	10	7	70%
Indicator 1.3.1.1a	Number of policy reform needs identified	N/A	N/A	12	16	133%
Indicator 1.3.1.2	Number of Sector Export Promotion Strategies developed	N/A	N/A	2	In Progress	N/A
Indicator 1.3.1.3	Number of advocacy capacity building activities implemented	N/A	N/A	9	9	100%
Indicator 1.3.1.4	Number of VC entities who have received advocacy capacity building training	N/A	N/A	34	36	106%
Indicator 1.3.1.5	Number of individuals who have received advocacy capacity building training	N/A	N/A	245	256	104%
IR 1.4 Increased access to finance in the agriculture sector resulting from the activities of local partners						
Indicator 1.4.1	Value of loans facilitated from non-DCA and DCA-supported finance institutions (in 000 USD)	N/A	N/A	4,000	4,456.1	111%
Output Level Indicators						
Indicator 1.4.1.1	Number of MSMEs receiving USG assistance to access bank loans or private equity	N/A	N/A	20	22	110%
Indicator 1.4.1.2	Value of customer financing need identified (in 000 USD)	N/A	N/A	925	4,090	442%
Indicator 1.4.1.3	Value of value chain participants investment stimulated (in 000 USD)	N/A	N/A	1,537	1,798	117%

At the end of FY'12 AgBiz and selected LFs performed well, meeting or surpassing performance targets on 91 percent of the 23 performance indicators employed to measure progress toward each result of the Results Framework. As presented in the Performance column, 11 indicators (or 48 percent) are On Target, 10 Indicators (or 43 percent) are Above Target (exceeding targets for more than 10 percent), while 2 Indicators (9 percent) are Below Target with CY'11/FY'12 projected performance results.



The target for the indicator “Number of new varieties and products from the supported VCs developed” is overachieved by developing eleven more varieties and products. The set of Activities planned to increase the diversification of fresh and processed products elicited great interest among the targeted beneficiaries to introduce new products to expand product portfolio as well as to substitute some imported products. More specifically, there is growing interest by the PV VC members particularly for the production of frozen vegetables and sauces. According to feasibility studies, both HoReCa and retail segments are attractive to domestic processing companies and break even analysis showed very promising market opportunities for domestic producers. Studies showed growing demand for frozen vegetable products on international markets, particularly in the EU, while the canning component displayed fairly moderate increase. Hence, a new possibility for increased exports and import substitution proved viable and justified investments in new products. At the primary production level, the qualitative and quantitative analyses of the pepper varieties that were tested showed a great potential for increased yields and quality of raw materials (peppers) that would be used by the processing companies. In addition, table grapes and apple producers have shown great interest for developing new varieties suitable for long term warehousing.

The targets on both indicators “Number of new exporters and new participants in the supported Value Chain” and “Number of formal delivery contracts made” are also overachieved. This is due to the fact that LFs in their projections did not include raw material contracts with farmers that were signed just before the start of the season or at the buyout. In addition, a few of the LAs that have their own production of fresh F&V experienced a decrease in yield during the reporting period. In order to meet the market demand and fulfill the orders obligated to foreign importers, LAs purchased additional quantities from other small-scale producers. Formal delivery contracts were made with the newly integrated producers, thus over achieving both the anticipated number of contracts and number of participants in the supported VCs. In addition, due to the emergence and integration of these small-scale producers (considered as micro entrepreneurs that have improved their financial management and realized sales), the target for the indicator “Number of private sector firms that have improved management practices” is exceeded.

The projected “Number of new technologies and management practices introduced” has been significantly overachieved due to the VCs’ participation at several most relevant trade fairs, as well as study tours organized to potential markets in EU, USA and Australia. Beside the participants’ exposure to agriculture-related technologies and innovations, they were also introduced to a comprehensive set of financial management, strategic planning and marketing practices.

Recognizing AgBiz and LFs’ credibility and widespread benefits from the realized activities elicited considerable interest among the farming community, LAs, and local BSPs to participate in the program activities. A high level of commitment of project partners to use the available assistance to maximize the effects from the activities resulted in over exceeding the target for the Indicator “Number of individuals

who have received USG supported short-term agricultural training”. In order to secure higher efficiency and sustainability of services, AgBiz encouraged LFs in the implementation of value chain upgrading activities, particularly in areas that go beyond their core capacity to include local BSPs. As a result the activities that were implemented in FY’12 encompassed various types of assistance and some segments were carried out by local BSPs including individual consultants, representatives of FFRM, the local extension Agency for support of agriculture and other private extension providers. Hence, the result achieved for the indicator “Number of capacity-building service providers receiving USG assistance” was higher than initially projected.

When planning the activity on PDO/PGI registration under the Special Opportunity Fund, MAFWE overlooked the availability of selected products and production entities needed in the process, hence the activity was slightly postponed. Consequently the target for the indicator “Number of strategies, plans and assessments for enhancing the competitiveness of the AgBiz-supported value chains developed” is only 70% achieved at the end of FY ’12. However, the remaining planned assessments will be finalized and delivered in early October 2012 (FY’13). The same percentage goes for achieving the indicator “Number of export capacity enhancement activities for Invest Macedonia”. Unfortunately, because of insufficient internal capacity of IM and postponed program implementation, two activities on (1) Proper follow up support on the most prospects FDI leads in Agriculture identified by IM and (2) Development of IM Export Newsletter to be published online on a quarterly basis were not implemented.

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